

through the executive vice president of such corporation, Charles A. Mills: *Provided further*, That the Secretary of War, before delivering such property, shall take from such corporation a good and sufficient bond for the safe return of such property in good order and condition, and the whole without expense to the United States.

Bond required.

Approved, June 19, 1934.

[CHAPTER 671.]

AN ACT

Providing educational opportunities for the children of soldiers, sailors, and marines who were killed in action or died during the World War.

June 19, 1934.

[H. R. 9143.]

[Public, No. 435.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby authorized to be appropriated, from funds to the credit of the District of Columbia in the Treasury of the United States not otherwise appropriated, the sum of \$3,600, annually, for the fiscal years 1935 to 1943, inclusive, for aid in the education of children (between the ages of sixteen and twenty-one years, inclusive, who have had their domicile in the District of Columbia for at least five years) of those who lost their lives during the World War as a result of service in the military or naval forces of the United States, including tuition, fees, maintenance, and the purchase of books and supplies: *Provided*, That not more than \$200 shall be available for any one child in any one year: *Provided further*, That appropriations made in accordance with this Act shall be expended, under rules and regulations prescribed by the Board of Education of the District of Columbia, only for such children as the said Board, from time to time, may find to be in need of such aid and in such amounts as the said Board from time to time may determine in the case of each child.

Children of veterans who lost lives during World War. Appropriation authorized to provide educational opportunities for.

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Approved, June 19, 1934.

[CHAPTER 672.]

AN ACT

To regulate the business of life insurance in the District of Columbia.

June 19, 1934.

[H. R. 9178.]

[Public, No. 436.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled,

Life Insurance Act, D.C.

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CHAPTER I—TITLE AND DEFINITIONS

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Short title.

SECTION 1. SHORT TITLE.—This Act shall be known as the "Life Insurance Act." All life insurance companies now or hereafter incorporated or formed by authority of any general or special law of this District or by other Act of Congress, and all foreign and alien companies authorized to do business in this District, shall be subject to this Act.

Definitions.	SEC. 2. DEFINITIONS.—In this Act, unless the context otherwise requires—
"District."	"District" means the District of Columbia;
"Commissioners."	"Commissioners" means the Commissioners of the District of Columbia;
"Superintendent."	"Superintendent" means the Superintendent of Insurance of the District of Columbia;
"Department."	"Department" means the Department of Insurance of the District of Columbia;
"Company."	"Company" means any life insurance company and includes a corporation, company, or association of persons engaged in or proposing to engage in the business of life insurance;
"Domestic company."	"Domestic company" means an insurance company organized under the laws of the District, or formed or organized under an Act of Congress;
"Foreign company."	"Foreign company" means an insurance company organized under the laws of any State of the United States, or of any Territory or insular possession of the United States;
"Alien company."	"Alien company" means a company organized under the laws of any country other than the United States or a Territory or insular possession thereof;
"Person."	"Person" includes individuals, corporations, associations, and partnerships; personal pronouns include all genders; the singular includes the plural, and the plural includes the singular,
"General agent."	The term "general agent" in this Act shall include an individual, copartnership, or corporation authorized in writing by a company, association, or exchange to solicit risks and collect premiums, and/or issue policies in its behalf.
"Agent."	The terms "agent" in this Act shall include an individual, copartnership, or corporation authorized in writing by a company, association, or exchange to solicit risks and collect premiums in its behalf.
"Solicitor."	The term "solicitor" in this Act shall include any individuals authorized in writing by a duly licensed agent to solicit risks and collect premiums in behalf of said agent.
	The terms "agent" and "solicitor" shall not include officers or salaried employees of any company, association, or exchange which is authorized to transact business in the District, who do not solicit, negotiate, or place risks.
"Broker."	The term "broker" in this Act shall include consultant, surveyor and/or any person, partnership, association, or corporation who, for money, commission, or anything of value, acts or aids in any manner on behalf of the insured in negotiating contracts of insurance or placing risks or taking out insurances, including surety bonds;
"Net premium receipts."	"Net premium receipts" means gross premiums received less the sum of the following: <ol style="list-style-type: none"> 1. Premiums returned on policies canceled or not taken; 2. Premiums paid for reinsurances where the same are paid to companies duly licensed to do business in the District; and 3. Dividends paid in cash or used by policyholders in payment of renewal premiums or in purchase of paid-up additional insurance.
"Surplus."	"Surplus" means the excess of admitted assets over liabilities and capital, in the case of a company with capital stock, and the excess of admitted assets over liabilities in the case of a company without capital stock;
"Liabilities."	"Liabilities" means all debts, due or to become due, contingent or otherwise, of which the company has knowledge, and includes the reserves required by this Act;

"Industrial life insurance" means that form of life insurance, either (a) under which the premiums are payable weekly, or (b) under which the premiums are payable monthly or oftener, if the face amount of insurance provided in the policy is less than \$1,000, and the words "industrial policy" are plainly printed upon the policy as a part of the descriptive matter.

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SECTION 1. INSURANCE DEPARTMENT; SUPERINTENDENT OF INSURANCE; OATH; BOND; ASSISTANTS; SEAL; CERTIFICATE WITH EVIDENCE; ANNUAL REPORT.—There shall be continued in the District a Department charged with the execution of the laws relating to insurance, to be called the "Department of Insurance of the District of Columbia." At the head of such Department there shall be a Superintendent of Insurance, who shall devote his entire service to the Department. He shall be appointed by and hold his office at the pleasure of the Commissioners. The Superintendent, during his term of office, shall not be interested in the business of any insurance company except as a policyholder. He shall take and subscribe an oath of office which shall be filed with the Commissioners. In said Department there shall be also two Deputy Superintendents and such other personnel as may be necessary within appropriations annually

Department of Insurance of the District of Columbia.

Superintendent.

Appointment; tenure of office.
Restriction on other employment.

Oath.

Assistants.

Compensation.

made by Congress for said Department. The compensation of the Superintendent, Deputy Superintendents, and other personnel shall be fixed in accordance with the provisions of the Classification Act of 1923, as amended.

In case of the absence or inability of the Superintendent, or in the event of the removal of the Superintendent, and pending the appointment of his successor, one of the Deputy Superintendents shall perform the duties of the Superintendent.

Seal.

The Commissioners shall provide the Department with an official seal, which shall be the seal of the District of Columbia surrounded by a border in which shall appear "Department of Insurance of the District of Columbia."

Sealed instruments.

Every certificate and other document or paper executed by such Superintendent, or his deputies, in pursuance of any authority conferred upon him by law and sealed with the seal of his office, and all copies of papers certified by him or by his deputies and authenticated by said seal, shall, in all cases, be evidence equally and in like manner as the original thereof and shall have the same force and effect as would the original in any suit or proceeding in any court of this District.

Public office and records.

The office of the Superintendent shall be a public office, and the records, books, and papers thereof on file therein shall be public records of the District, except as it may be provided otherwise herein.

Annual report.

The Superintendent shall report annually to the Commissioners his official transactions, and shall include in such report abstracts of the annual statements of the several companies and an exhibit of the financial condition and business transactions of the same as shown by their annual statements. He shall also include therein a statement of the receipts and expenditures of the Department for the preceding year and such recommendations relative to insurance and the insurance laws of the District as he shall deem proper.

Attendance, national conventions of insurance commissioners.

The Superintendent is authorized to attend and participate in the meetings of the national convention of insurance commissioners and of the committees thereof; he is also authorized to visit the insurance departments of the various States when in his judgment such visits are necessary for the proper conduct of his official office; and he may require such of his assistants as he may designate to attend and participate in such meetings, all subject to the prior approval of the Commissioners. The actual expense of such attendance by the Superintendent and his assistants shall be paid in like manner as other expenses of the District are paid.

Fees and charges. Payment and deposit.

SEC. 2. FEES AND CHARGES.—All charges and fees provided for in this section shall be paid to the collector of taxes of the District of Columbia and deposited in the Treasury of the United States to the credit of the District.

For filing charter or articles of incorporation or association, or deed of settlement or copy thereof, required by law, \$10; for each company certificate of authority, \$10; for license of each general agent, \$50; for license of each agent or solicitor, \$5; for license of each broker, \$50. All licenses for brokers, insurance companies, their agents or solicitors, who may apply for permission to do business in the District of Columbia, shall date from the first of the month in which application is made and expire on the 30th day of April following, and payment shall be made in proportion.

Taxes. Determination of assessment.

SEC. 3. TAXES.—Every company shall pay to the collector of taxes for the District of Columbia a sum of money as taxes equal to 1½ per centum of its net premium receipts from business done in the

District of Columbia, said taxes to be paid before the 1st day of March of each year on the amount of such income for the year ending December 31 next preceding, in lieu of all other taxes, except taxes upon real estate and fees and charges provided for in section 2 of this chapter.

Payment.

If a company shall cease to do business in the District it shall thereupon make report to the Superintendent of the premiums collected and the date whereon it ceased to do business subject to taxation under this Act and not theretofore reported and shall forthwith pay to the collector of taxes of the District of Columbia the tax thereon computed according to law.

When not in business full year.

If a company refuses to make any report for taxation or to pay the tax imposed upon it as required by the law, it shall be liable to the District for the amount thereof and a penalty of 8 per centum per month for each month it has failed after demand therefor. Service of process in any action to recover such tax or penalty shall be made according to the requirements of the law relating to actions brought against companies.

Penalty, refusal to report or pay.

SEC. 4. TAX REFUNDS.—Whenever it appears to the satisfaction of the Superintendent that because of some error, mistake, or erroneous interpretation of a statute, a company has paid fees, charges, or taxes in excess of the amount legally chargeable against it, the Superintendent shall, on application of the company, present the matter to the Commissioners, with the view of refunding to such company any such excess, or applying the excess or portion thereof toward the payment of fees, charges, or taxes already due from such company.

Tax refunds.

SEC. 5. CERTIFICATE OF AUTHORITY.—It shall be the duty of the Superintendent to issue a certificate of authority to a company when it shall have complied with the requirements of the laws of the District so as to entitle it to do business therein. In each case the certificate shall be issued under the seal of the Superintendent authorizing and empowering the company to transact the kind or kinds of business specified in the certificate. No company shall transact any business of insurance in the District until it shall have received a certificate of authority as herein prescribed and no company shall transact any business of insurance not specified in such certificate of authority. Before a company shall be authorized to transact business within the District the Superintendent shall be satisfied by such examination as he may make or such evidence as he may require that such company is duly qualified under the laws of the District to transact business therein.

Certificate of authority.
Issue to company upon compliance with requirements.

Transaction of business without, unlawful.

SEC. 6. REVOCATION OF CERTIFICATE OF AUTHORITY.—If the Superintendent shall find that a domestic, foreign, or alien company is insolvent, or that it does not have the surplus required by this Act and invested as by this Act required, or that it does not have the surplus or whose policyholders do not have the contingent assessment liability required by this Act; or, if an alien company, that it does not have a surplus required by this Act and invested as by this Act required in the United States; or, if an alien company, that it does not have the deposit required by this Act; or, if he finds that the authorized capital of any domestic, foreign, or alien capital stock company is impaired and the company is not promptly restoring the deficiency or reducing its capital; or, that any domestic, foreign, or alien company has violated or failed to comply with the law or its charter; or, that the company or any of its officers has willfully refused or failed to submit to examination or to perform any obligation relative thereto, he may revoke the certificate of authority of

Revocation of certificate.
Grounds for.

such company and thereafter no new insurance business shall be transacted by the company or its agents until the Superintendent shall issue a new certificate of authority to the company.

Notice of proposed revocation.

The Superintendent shall not revoke the certificate of authority of any company until he has given the company not less than thirty days' notice of the proposed revocation and of the grounds alleged therefor and has afforded the company an opportunity to show that its certificate of authority should not be revoked. When the further transaction of business would be hazardous to the policyholders of any company, the Superintendent may suspend the certificate of authority without giving notice as above required.

Suspension without notice.

Annual statements.

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SEC. 7. ANNUAL STATEMENT FORMS TO BE FURNISHED BY SUPERINTENDENT.—The Superintendent shall, annually, in the month of December, furnish to each of the companies authorized to do business in the District and required to make an annual statement to the Department two or more blanks in form adapted for such statements, and which shall conform as nearly as may be practicable to the form of statement from time to time adopted by the national convention of insurance commissioners.

Requirement of filing.

SEC. 8. ANNUAL STATEMENT.—Every company doing business in the District shall file with the Superintendent before March 1 in each year a financial statement for the year ending December 31, immediately preceding, on forms furnished by the Superintendent. Such statement shall be verified by the oaths of the president and secretary of the company, or, in their absence, by two other principal officers. The statement of an alien company shall embrace only its condition and transactions in the United States and shall be verified by the oath of its resident manager or principal representative in the United States. In case a company shall fail to make and file its annual statement within the time herein prescribed its authority to transact business in the District shall thereupon terminate.

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SEC. 9. PENALTY FOR FALSE STATEMENT.—A director, officer, agent, or employee of any company who willfully and knowingly subscribes, makes, or concurs in making or publishing any annual or other statement required by law, containing any material statement which is false, shall, upon conviction thereof, be punished by imprisonment in the penitentiary for not less than two nor more than ten years. A person who willfully and knowingly makes oath to any such false statement shall be guilty of perjury.

Deceptive statements prohibited.

SEC. 10. DECEPTIVE STATEMENTS PROHIBITED.—No company doing business in the District or agent thereof shall state or represent by advertisement in any newspaper, periodical, or magazine, or by any sign, circular, card, policy of insurance, or certificate of renewal thereof or otherwise that any funds or assets are in possession of such company which are not actually possessed by it and available for the payment of losses and claims and held for the protection of its policyholders and creditors.

Advertisements, contents of.

SEC. 11. CONTENTS OF ADVERTISEMENTS.—Every advertisement or public announcement and every sign, circular, or card issued by any domestic, foreign, or alien company doing business in the District representing its financial standing shall exhibit the amount of the capital stock actually paid up in cash, the assets owned, the liabilities, including therein the premium and loss reserves required by law, and the amount of surplus, and shall correspond to the next preceding verified statement made to the Superintendent by such company. Every advertisement or public announcement and every sign, circular, or card issued by an alien company doing business in the District, representing its financial standing shall exhibit as capital stock and assets only the capital stock and assets held by its United

Alien companies.

States branch, the liabilities, including therein the premium and loss reserves required by law, and the amount of surplus, and shall correspond to the next preceding verified statement made by such company to the Superintendent.

Any violation of this or the preceding section shall be a misdemeanor, and any person convicted of such violation shall, for the first offense, be liable to a fine of not more than \$500, and for each subsequent offense shall be liable to a fine of not more than \$1,000.

Penalty for violations.

SEC. 12. DEFAMATION OF COMPANIES.—It shall be unlawful for any company now or hereafter doing business in the District, or any officer, director, clerk, employee, general agent, agent, or solicitor thereof, broker or any other person, to make, verbally or otherwise, publish, print, distribute, or circulate, or cause the same to be done, or in any way to aid, abet, or encourage the making, printing, publishing, distributing, or circulating of, any pamphlet, circular, article, literature, or statement of any kind which is defamatory of any company now or hereafter doing business in the District, or which contains any false criticism or false statement calculated to injure such company in its reputation or business; and any officer, director, clerk, employee, general agent, agent, or solicitor of any company, broker or any other person, violating the provisions of this section shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not more than \$100.

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Penalty.

SEC. 13. PENALTY FOR REFUSING TO APPEAR AND TESTIFY IN EXAMINATIONS.—That in the examination of any company as provided for in this Act the Superintendent shall have power to issue subpoenas in the name of the Chief Justice of the Supreme Court of the District of Columbia to compel witnesses to appear and testify and/or to produce all books, records, papers, or documents before said Superintendent.

Examinations.
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That if any witness having been personally summoned shall neglect or refuse to obey the subpoena issued as herein provided, then and in that event the Superintendent may report that fact to the Supreme Court of the District of Columbia, or one of the justices thereof, and said court, or any justice thereof, hereby is empowered to compel obedience to said subpoena to the same extent as witnesses may be compelled to obey the subpoenas of that court.

SEC. 14. COURT PROCEEDINGS.—The Superintendent may, through the corporation counsel of the District, invoke the aid of any court of competent jurisdiction to enforce any order made or action taken by him in pursuance of law.

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SEC. 15. FALSE STATEMENTS IN APPLICATION FOR INSURANCE.—The falsity of a statement in the application for any policy of insurance shall not bar the right to recovery thereunder unless such false statement was made with intent to deceive or unless it materially affected either the acceptance of the risk or the hazard assumed by the company.

Application for insurance.
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SEC. 16. GENERAL DEPOSIT.—Every company desiring to transact business in the District shall, before being licensed, deposit approved securities of not less than \$100,000 market value with the Superintendent or the supervising official of any State, Territory, or insular possession of the United States authorized to accept such deposit, which shall be held for the benefit of all policyholders: *Provided*, That the deposit of every domestic company heretofore organized under the provisions of the laws of the District or other Act of Congress may be limited (1) for stock companies, to an amount equal to the capital stock outstanding at the date of approval of this Act; (2) for nonstock companies, to such amount as in the

General deposit.
Amount; required before being licensed.

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Domestic companies, heretofore organized.

opinion of the Superintendent would be required from stock companies of comparable size. In no case shall the deposit of a domestic company be less than \$25,000.

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deposits.

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If such deposit is made with an official other than the Superintendent a certificate of deposit from said official shall be filed with the Superintendent showing the character of the deposit before a license may be issued. If the securities so deposited are not of the class authorized by this Act for investments of companies, the Superintendent may require an additional deposit in approved securities.

SEC. 17. HOLDING OF GENERAL DEPOSITS BY DISTRICT AUDITOR AND SECRETARY TO BOARD OF COMMISSIONERS.—When any company is required by the laws of the District, or of any State or county, or by other competent authority, to make a deposit with an insurance supervising official, or other financial officer, and where said deposit is made by the company in bonds or other evidence of indebtedness of the United States, or of any State of the United States, or of any county or incorporated city of any State of the United States, the said securities shall be delivered to the Secretary to the Board of Commissioners of the District of Columbia, and the Auditor of the District of Columbia, who shall receive and hold the same, subject to the lawful orders of the Superintendent of Insurance, and who shall be responsible for the safekeeping of all securities deposited or delivered under the authority of this section, so long as the company continues solvent and complies with the laws of the United States and of the District of Columbia, and it may in that event collect the income on such securities. The company shall have the right to substitute therefor other securities, required by this section as lawful investment, provided such substitute securities are of the character, amount, and value called for by this section and are approved by the Superintendent of Insurance. If the value of the securities deposited by any company shall decline below the amounts so required, the company shall make a further deposit and maintain the deposit in the amount and value so required.

SEC. 18. WITHDRAWAL OF GENERAL DEPOSITS.—When a company determines to discontinue its business or to cease to do business in the District and desires to withdraw its deposit made in the District pursuant to this Act the Superintendent shall, upon the application of the company, and at its expense, give notice of such intention in a newspaper of general circulation in the District once a week for three consecutive weeks. After such publication he shall deliver to such company or its assigns the securities so deposited when he is satisfied upon examination and investigation made by him or under his authority and upon the oaths of the president and secretary or other chief officers of the company that all debts and liabilities of every kind due and to become due which the deposit was made to secure are paid and extinguished: *Provided*, That the Superintendent may require any company so withdrawing from the District to furnish bond to cover any undisclosed or contingent liabilities.

Upon a company being wholly reinsured the Superintendent may deliver to it or to its assigns all securities deposited by it upon compliance with the following condition: The reinsuring company shall assume and agree to discharge all liabilities of every kind due and to become due which the deposit of the reinsured company was made to secure. Such reinsuring company shall have a deposit in the District or with some State official in the United States in securities recognized by this law as lawful investments of the company in an amount and value not less than the deposit required of the reinsured company. The deposit of the reinsuring company shall be such that

it will subsist for the security of the obligations of the reinsured company assumed by the reinsuring company. The Superintendent shall give notice of such reinsurance agreement and of the application for the deposit once a week for three consecutive weeks in a newspaper of general circulation in the District before the delivery of such securities to the reinsuring company.

Notice of reinsurance agreement.

SEC. 19. EXAMINATIONS.—The Superintendent may examine the books, papers, property, and the affairs of any insurance company organized or doing business in the District and of any company engaged in or professing to be engaged in organizing, promoting, or soliciting stock or capital contributions to or aiding in the formation of an insurance company or of any company which holds the capital stock of an insurance company for the purpose of controlling the management thereof as voting trustees or otherwise. The Superintendent, his deputy, or any examiner may examine under oath the officers and agents of such company and all persons deemed to have material information regarding the company's property or business. Every such company, its officers and agents, shall produce at the home office of the company at the time designated by the Superintendent, its books of original entry and all records and papers in its or their possession relating to its business or affairs, and any other person may be required to produce any book, record, or paper in his custody relevant to the examination, for the inspection of the Superintendent, his deputy, or examiners, whenever required; and the officers and agents of such company shall facilitate such examination and aid the examiners in making the same so far as it is in their power to do so. Every such examiner shall make a full and true report of every examination made by him, verified by his oath, which shall comprise only facts appearing upon the books, papers, records, or documents of such company, or ascertained from the sworn testimony of its officers or agents or other persons examined under oath concerning its affairs, and said report so verified shall be presumptive evidence in any action or proceeding in the name of the District against the company, its officers or agents, of the facts therein stated. The Superintendent shall grant a hearing to the company examined, or he shall furnish it a copy of his report, in tentative form, requesting that the statements and items therein contained be checked, and the report be returned to the Superintendent within the time specified by him, before filing any such report and before making public such report or any matters relating thereto; and may withhold any such report from public inspection for such time as he may deem proper; and may, after so filing, if he deems it for the interest of the public to do so, publish any such report or the result of any such examination as contained therein in one or more newspapers in the District without expense to the company. It shall be the duty of the Superintendent to examine every domestic insurance company at least once in three years.

Examinations.
Authority of Superintendent to make.

Books of original entry, records, etc.
Inspection of.

Examiner's report.

Verification.

Force as evidence.

Checking of report.

Publication.

Requirement of examination.

Payment of expenses.

The expense of every such examination, not to include salaries, shall be paid by the company examined, and such company shall pay to the Superintendent, his deputies, and/or his examiners the actual expense of such examination upon itemized bills furnished by the superintendent.

SEC. 20. RECEIVERSHIP PROCEEDINGS.—The Superintendent may, the corporation counsel of the District representing him, apply to the Supreme Court of the District for a rule directing any company doing business in the District, any company organized under the laws of the District or other Acts of Congress, or any company in course of organization, to show cause why the Superintendent should

Receivership proceedings.
Application for rule to show cause why Superintendent should not take over assets, etc.

not take possession of its property and conduct its business and for such other relief as the nature of the case and the interests of its policyholders, creditors, stockholders, or the public may require, whenever any such company (a) is insolvent; or (b) in the case of a stock company, has neglected or refused to observe a lawful order of the Superintendent to make good within the time prescribed by law any deficiency of its capital or surplus, or in the case of a mutual company, if its assets have not become equal to its liabilities within ninety days from the date of notification thereof by the Superintendent; or (c) has by contract or reinsurance, or otherwise transferred or attempted to transfer substantially its entire property or business, or entered into any transaction the effect of which is to merge substantially its entire property or business, in the property or business of any other company, association, society, or order, without having first obtained the written approval of the Superintendent; or (d) is found, after an examination by the Superintendent, his deputy or examiners, to be in such condition that its further transaction of business will be hazardous to its policyholders; or (e) has willfully violated its charter; or (f) is carrying on activities against public policy.

Injunction, issue of. On such application, or any time thereafter, such court may, in its discretion, issue an injunction restraining such company from the transaction of its business or disposition of its property pending further order of the court. On the return of such rule to show cause, the court shall hear, try, and determine the issues forthwith and shall either deny the application or direct the Superintendent to take possession of the property and conduct the business of such company, and retain such possession and conduct such business until on the application either of the Superintendent, the corporation counsel representing him, or of the company, it shall, after a like hearing, appear to the court that the ground for the order directing the Superintendent to take possession has been removed and that the company can properly resume possession of its property and the conduct of its business.

Power of Superintendent when liquidation ordered. If, on the like application and rule to show cause, and after a hearing, the court shall order the liquidation of the business of such company, such liquidation shall be made by and under the direction of the Superintendent, who may deal with the property and business of such company in his own name as Superintendent or in the name of the company, as the court may direct, and shall be vested by operation of law with title to all of the property, contracts, and rights of action of such company as of the date of the order so directing him to liquidate. The filing or recording of such order in the office of the recorder of deeds for the District shall impart the same notice that a deed, bill of sale, or other evidence of title duly filed or recorded by such company would have imparted.

Appointment of agents. For the purpose of this section the Superintendent shall have power to appoint under his hand and official seal one or more special deputy superintendents of insurance as his agent or agents, and to employ clerks and assistants as may by him be deemed necessary, and give each of such persons such powers to assist him as he may consider wise. The fair and reasonable compensation of such special deputy superintendents, clerks, and assistants and all expenses of taking possession of and conducting the business of liquidating any such company shall be recommended by the Superintendent, subject to the approval of the court, and shall on certificate of the Superintendent be paid out of the funds or assets of such company.

Other personnel.

Compensation.

For the purpose of this section the Superintendent shall have power, subject to the approval of the court, to make and prescribe such rules and regulations as to him shall seem proper.

The Superintendent shall transmit to the Commissioners, in his annual report, the names of the companies so taken possession of, whether the same have resumed business or have been liquidated, and such other facts as shall acquaint the policyholders, creditors, stockholders, and the public with his proceedings under this section; and, to that end, the special deputy superintendent in charge of any such company shall file annually with the Superintendent a report of the affairs of such company similar to that required by section 8 of this chapter. The court may require corporate surety bond from the Superintendent or any assistant appointed by him, in such amount as it may deem necessary, the cost of which bond shall be paid as other expenses provided under this section.

SEC. 21. WHEN COMPANY TO BE DEEMED INSOLVENT.—Every insurance company whose assets and credits are not sufficient to reinsure its outstanding risks in a solvent insurance company, shall be deemed insolvent and may be proceeded against as an insolvent company.

SEC. 22. REINSURANCE BY SUPERINTENDENT.—The Superintendent may reinsure all of the policy obligations of any domestic insurance company, of which he is a receiver, in any solvent company authorized to do business in the District, if the assets of the company are sufficient to effect such reinsurance. If such assets are insufficient for that purpose, the Superintendent, upon like consent, may reinsure a percentage of each outstanding policy obligation of such company to the extent that its assets may be sufficient for that purpose. No contract of reinsurance shall be entered into by the Superintendent, except in pursuance of an order of the court in which he was appointed receiver directing the reinsurance and establishing the general form of the contract for the same.

SEC. 23. AMORTIZATION.—All bonds or other evidences of debt having a fixed term and rate held by any company authorized to do business in the District, if amply secured and if not in default as to principal or interest, shall be valued as follows: If purchased at par, at the par value; if purchased above or below par, on the basis of the purchase price adjusted so as to bring the value to par at maturity and so as to yield meantime the effective rate of interest at which the purchase was made: *Provided*, That the purchase price shall in no case be taken at a higher figure than the actual market value at the time of purchase: *Provided further*, That the Superintendent shall have full discretion in determining the method of calculating values according to the foregoing rule, and the values found by him in accordance with such method shall be final and binding: *And provided further*, That any such company may return such bonds or other evidences of debt at their market value or their book value, but in no event at an aggregate value exceeding the aggregate of the values calculated according to the foregoing rule.

SEC. 24. ATTORNEY FOR SERVICE OF PROCESS.—Every domestic company not having its home office in the District and every foreign or alien company now or hereafter transacting business in the District, and every foreign or alien company now or hereafter soliciting, selling, or writing insurance on any resident of the District, through the medium of the United States mails, shall file with the Superintendent a duly executed instrument appointing and constituting him and his successors the true and lawful attorney of such company upon whom all lawful process in any action or legal proceeding against it may be served and therein shall agree that any lawful process against it which may be served upon its said attorney, as

Rules and regulations.

Annual report.

Names of liquidated companies, etc., to be included.

Ante, p. 1132.

When company to be deemed insolvent.

Reinsurance by Superintendent.

Order of court required.

Amortization.

Valuation of bonds, etc.

Provisos. Purchase price.

Calculation of values.

Return of bonds authorized.

Attorney for service of process.

Appointment by companies.

Agreement to recognized service.

Manner of making service.

herein provided, shall be of the same force and validity as if served upon the company and the authority thereof shall continue in force irrevocably so long as any liability of the company in the District shall remain outstanding. Such process shall be served by leaving the same with the Superintendent or his deputy, and service thereof upon such attorney shall be deemed service upon the principal. The Superintendent shall forthwith forward such process by mail to the company, or, in the case of an alien company, to the resident manager or last appointed general agent of the company in the United States. The deposit, by the Superintendent or his deputy, of such process sent by registered mail in a sealed envelop, postage prepaid, in the United States mail and service of such process, shall not be effectual until the same has been so mailed and received by the company and registered receipt shall be prima facie evidence of the notice of service to a company, or to the resident manager in the case of an alien company.

Failure of company to file instrument designating attorney for service.

Failure of any such company to file such instrument, or failure on the part of any such company to authorize such filing, shall not invalidate any service made by serving the Superintendent. By accepting a certificate of authority to transact business in the District, every such company shall be held to have appointed the Superintendent its true and lawful attorney. Any such insurance company transacting business or soliciting, selling, or writing insurance on any resident of the District without designating an attorney for service of process, incident to adjustment of claims and kindred matters, shall, upon complaint filed by the Superintendent in the Supreme Court of the District, be fined, upon conviction of violating any provision of this section, not to exceed \$200 a day for such violation.

Penalty provision.

Political contributions prohibited.

SEC. 25. POLITICAL CONTRIBUTIONS PROHIBITED.—No company doing business in the District shall directly or indirectly pay or use, or offer, consent, or agree to pay or use any money or property for or in aid of any political party, committee, or organization, or for or in aid of any corporation, joint-stock or other association organized or maintained for political purposes, or for or in aid of any candidate for political office or for nomination for such office, or for any political purpose whatsoever, or for the reimbursement or indemnification of any person for money or property so used. Any officer, director, stockholder, attorney, or agent of any company which violates any of the provisions of this section, who participates in, aids, abets, or advises, or consents to any such violation, and any person who solicits or knowingly receives any money or property in violation of this section shall be guilty of a misdemeanor and be punished by imprisonment for not more than one year and a fine of not more than \$1,000, and any officer aiding or abetting in any contribution made in violation of this section shall be liable to the company for the amount so contributed.

Penalty provision.

Production of books, records, etc.

That no person shall be excused from testifying or from producing books, accounts, and papers in any proceeding based upon or growing out of any violation of the provisions of this section, on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no person having so testified shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he may have testified or produced any documentary evidence: *Provided*, That no person so testifying shall be exempted from prosecution or punishment for perjury: *Provided further*, That the immunity hereby conferred shall extend only to a natural person

who, in obedience to a subpoena gives testimony under oath or produces evidence, documentary or otherwise, under oath.

SEC. 26. GENERAL AGENT'S, AGENT'S, AND SOLICITOR'S QUALIFICATIONS AND LICENSES.—No person shall act within the District for any life-insurance company as a general agent, agent, or solicitor in the solicitation or procurement of applications for insurance unless he has complied with the provisions of this section and has secured a license from the Superintendent of Insurance. Each applicant for such license shall file with the Superintendent of Insurance his written application therefor on blanks furnished by the Superintendent, which application shall be signed and sworn to by the applicant and shall give his name, age, residence, place of business, and occupation for five years next prior to the date of application and also set forth his qualifications for such license, namely, his familiarity with the life-insurance laws of the District and with the provisions of the contracts to be negotiated; what insurance experience he has had, if any; what insurance instruction he has had or expects to receive; whether he has been refused or has had suspended or revoked a license to solicit insurance by the insurance department or supervising officials of the District of Columbia or of any State; whether any insurance company or any general agent claims such applicant is indebted under any agency contract or otherwise, and if so, the name of the claimant, the nature of the claim and the applicant's defense thereto, if any; whether he has had an agency contract canceled, and if so, when, by what company, or general agent and the reason for such action, and such other information as the Superintendent may require. The applicant shall be vouched for by an official or a licensed representative of the company for which he proposes to act, who shall certify whether the applicant is personally known to him, whether the applicant has been appointed a general agent, agent, or solicitor to represent such company, and that such company has duly investigated the character and record of such person, and has satisfied itself that he is trustworthy and qualified to act as its general agent, agent, or solicitor and intends to hold himself out in good faith as a life insurance general agent, agent, or solicitor. If, upon the showing made, the Superintendent of Insurance is reasonably satisfied that the applicant is a trustworthy person he shall promptly issue the license applied for. A general agent, agent, or solicitor licensed to represent any life-insurance company doing business in the District shall be entitled to place excess or rejected risks in any other company lawfully doing business in the District, with the knowledge and approval of his own company without additional or separate license. Every license issued under this section shall expire annually on the 30th day of April next after its issue unless prior thereto it is revoked or suspended by the Superintendent of Insurance or the authority of the general agent, agent, or solicitor to act for the company is terminated.

In the absence of a contrary ruling by the Superintendent in a given case, license renewals shall be issued from year to year upon the request of the company without further action on the part of the general agent, agent, or solicitor.

No officer or traveling salaried employee of any insurance company not compensated on a commission basis shall be required to obtain a license under this section.

Every life-insurance company shall, upon the termination of the employment of any general agent, agent, or solicitor, file with the Superintendent of Insurance a statement of the facts relative to the

Qualifications and licenses.
General agent, agent, and solicitor.

Application for license.

Contents.

Issue of license.

Placing of rejected risks with other company.

Term of license.

Renewals.

Exemptions.

Statement on termination of employment.
Privileged character of.

termination of such employment and the cause thereof. Any information, document, record, statement, or thing required to be made or disclosed to the Superintendent of Insurance by this section, shall be privileged and shall not be used as evidence in any action or proceeding instituted against the company or any representative thereof by or in behalf of any person who has been licensed under the provisions of this section.

License; suspension
or revocation.
Grounds for.

Notice and hearing.

Notice of charges and
hearing to be given.

Mailing.

Appeals.

Denial of new license
for period of year.

Penalty provisions.

Appeals.

Proceedings.

SEC. 27. SUSPENSION OR REVOCATION OF LICENSE—GROUNDS FOR—NOTICE OF—HEARING.—The Superintendent of Insurance may suspend or revoke the license of any life insurance general agent, agent, solicitor, or broker if, after due investigation, notice and a hearing, either before him or before any salaried employee of the insurance department designated by him whose report he may adopt, he determines that such license has been secured by fraud or misrepresentation; or that the general agent, agent, solicitor, or broker has violated any insurance law of the District; or has made any misleading representations and/or incomplete and/or fraudulent comparison of any policies or companies or concerning any companies to any person for the purpose or with the intention of inducing such person to lapse, forfeit, surrender, or exchange his insurance then in force; or has made any misleading estimate of the dividends or share of surplus to be received on a policy; or has failed or refused to pay or to deliver to the company or to his principal any money or other property in the hands of said general agent, agent, solicitor, or broker belonging to such company or principal when requested so to do; or has violated any lawful ruling of the insurance department; or has been convicted of a felony; or has otherwise shown himself untrustworthy or incompetent to act as a life insurance general agent, agent, solicitor, or broker. Before the Superintendent of Insurance shall revoke or suspend any such license he shall give to the general agent, agent, solicitor, or broker and to the company which or whom he represents written notice of the charges and of the hearing, not less than twenty days prior to the time set for such hearing. Such notice shall be forwarded by registered mail addressed to the general agent, agent, solicitor, or broker at his last known address, and to the company at its principal place of business. Full opportunity shall be given at such hearing to the general agent, agent, solicitor, or broker and to the company or principal to appear with counsel and be heard upon such charges. Within thirty days after the revocation or suspension of license or the refusal of the Superintendent to grant a license, the general agent, agent, solicitor, or broker, or applicant aggrieved may appeal, from the ruling of the Superintendent of Insurance to the court of competent jurisdiction designated in section 28. Appeals may be taken from the judgment of said court as prescribed in section 28.

No individual whose license as a general agent, agent, solicitor, or broker is revoked shall be entitled to any license under this Act for a period of one year after revocation.

Any person who violates any provision of this section upon conviction shall be fined not exceeding \$100 for each and every violation.

SEC. 28. APPEAL FROM RULINGS.—Within thirty days after the revocation or suspension of license or the refusal of the Superintendent to grant a license, the general agent, agent, solicitor, or broker or applicant aggrieved may appeal from the ruling of the Superintendent to the Supreme Court of the District of Columbia, in equity, wherein, upon the relation of the Superintendent, by representation of the corporation counsel, the Superintendent shall be designated as defendant and the general agent, agent, solicitor, or

broker or applicant as plaintiff, and the said cause shall be docketed in said court and tried as an equity case. Appeals may be taken from the judgment of said Supreme Court of the District of Columbia to the Court of Appeals of the District of Columbia as in other equity cases.

Appeals to Court of Appeals.

In all said proceedings and appeals said Superintendent shall not be taxed with any costs, nor shall he be required to give any supersedeas bond or security for costs or damages on any appeal whatsoever. Said Superintendent shall not be liable to suit or action or for any judgment or decree for any damages, loss, or injury claimed by any person on any appeal taken by said Superintendent in any case, nor shall said Superintendent be required in any case to make and deposit for costs or pay for any service to the clerks of any court or to any marshal of the United States.

Costs and bonds.

SEC. 29. BROKERS.—Every person desiring to engage in business in the District as a life-insurance broker shall apply to the Superintendent for a license so to do and in the manner hereinafter prescribed.

Brokers. Application for license.

The applicant for such license shall file with the Superintendent his written application therefor and shall make a sworn statement on blanks to be prepared by the Superintendent giving his name, age, residence, place of business, occupation for five years just prior to the date of making his application; and shall state that he intends to hold himself out in good faith as carrying on the business of broker of life insurance, and shall also set out his qualifications, namely, his familiarity with the life-insurance laws of the District and with the provisions of the policy contracts to be negotiated; what insurance experience and instruction he has had; his intention with reference to engaging regularly if not exclusively in the business of life-insurance broker; whether he has been refused or has had suspended or revoked a license as a broker, general agent, agent, or solicitor of life insurance by the Insurance Department or the supervising officials of any State; whether any company claims that he is indebted to it under any agency contract or otherwise; if so, what company, the nature of the claim and of his defense if any, whether he has had any agency contract canceled by any company, and if so, when, by what company, and the reason for such action, and such other information as the Superintendent may require.

Contents.

The applicant shall be vouched for by at least three reputable citizens of the District setting out whether the applicant is personally known to them, what they know of the reputation of the applicant as a man of business integrity, and what they know of the applicant's general fitness to act as a broker of life insurance.

The Superintendent may require such applicant for license or renewal thereof to submit to examination as to his fitness or qualifications for the license or licenses applied for. Such examination may be made by the Superintendent or by his deputy, which said examination may be waived by the Superintendent, upon satisfactory proof of the qualifications of the applicant.

Examination.

When the Superintendent is satisfied from the application or the examination made by him that the applicant is qualified, he shall issue to said applicant a license to engage in the business specified in said applications which shall also be specified in said license.

Issue of license.

No individual whose license as a broker is revoked shall be entitled to any license under this Act for a period of one year after such revocation, provided, however, that the failure or refusal of the Superintendent to license any such applicant shall be subject to review in the same manner as provided in section 28 of this chapter.

Denial of new license on revocation.

Licenses shall be renewed annually and every such license shall continue in force until the 30th day of April next following unless in

Renewals.

the meantime suspended or revoked; provided any qualified person may be licensed as a broker regardless of place of residence or domicile.

Penalty provision.

Any person who violates any provision of this section upon conviction shall be fined not exceeding \$100 for each and every violation.

Embezzlement; penalty.

SEC. 30. EMBEZZLEMENT; PENALTY.—An insurance agent, solicitor, or broker who acts in negotiating or renewing or continuing a contract of insurance for a company lawfully doing business in the District, and who receives any money or substitute for money as a premium for such a contract from the insured, whether he shall be entitled to an interest in same or otherwise, shall be deemed to hold such premium in trust for the company making the contract. If he fails to pay the same over to the company after written demand made upon him therefor, such failure shall be prima facie evidence that he has used or applied the said premium for a purpose other than paying the same over to the company, and upon conviction thereof he shall be deemed guilty of embezzlement and punished accordingly.

Minors; contracts for life, health, and accident insurance.

SEC. 31. CONTRACT OF MINORS FOR LIFE, HEALTH, AND ACCIDENT INSURANCE.—Any minor of the age of fifteen years or more may, notwithstanding such minority, contract for life, health, and accident insurance on his own life for his or her own benefit or for the benefit of his father, mother, husband, wife, child, brother, sister, or for the benefit of any person who has the care or custody of said minor or with whom said minor makes his or her home, and may exercise all such contractual rights with respect to any such contract of insurance as might be exercised by a person of full legal age and may at any time surrender his or her interest in any such insurance or give a valid discharge for any benefit accruing or money payable thereunder.

Assessment companies; licensing denied.

SEC. 32. ASSESSMENT COMPANIES.—Any company which makes insurance or reinsurance the performance of which is not guaranteed by the reserves required by this Act, but is mainly contingent upon the payment of assessments or calls made upon its members, shall not be formed, admitted, or licensed in the District.

Appeal from Superintendent to Commissioners.

SEC. 33. APPEAL FROM SUPERINTENDENT TO COMMISSIONERS.—Any appeals to the Commissioners from rulings of the Superintendent shall be perfected and filed with the Commissioners within twenty days exclusive of Sundays and legal holidays from the date such rulings are communicated to the party at interest.

Domestic companies.

CHAPTER III.—DOMESTIC COMPANIES

Sec. 1. Articles of incorporation.

Sec. 2. Publication of articles of incorporation; notice of intention to form company; bond of incorporators.

Sec. 3. Approval of articles of incorporation; completion of organization of company.

Sec. 4. Authority to solicit subscriptions to capital of company in course of organization.

Sec. 5. Subscription to capital stock; limitation of expense on sale of capital stock.

Sec. 6. Examination of company in course of organization.

Sec. 7. When corporate powers of company in course of organization shall cease.

Sec. 8. Capital stock requirements.

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Sec. 12. Liability of stockholders.

- Sec. 13. Stock payment calls.
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- Sec. 18. Reorganization of existing corporations.
- Sec. 19. Conversion of a stock life company into a mutual life company.
- Sec. 20. Corporations heretofore formed.
- Sec. 21. Directors.
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- Sec. 24. Cumulative voting.
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- Sec. 32. Maximum and contingent premiums of mutual companies.
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- Sec. 34. Mutual company guaranty fund; mutual company power to borrow.
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- Sec. 38. Vouchers for disbursements.
- Sec. 39. Books, records, accounts, and vouchers of domestic companies.
- Sec. 40. Capital stock acquisition by company of its own shares.

SECTION 1. ARTICLES OF INCORPORATION.—Any seven or more persons who desire to become incorporated as an insurance company shall make, sign, and acknowledge articles of incorporation before an officer authorized to take acknowledgment of deeds, in which shall be stated:

(a) The proposed corporate name, which shall not be identical with nor so nearly resemble the name of an existing corporation organized under the laws of the District, or authorized to transact business therein, as to mislead the public or cause confusion and, in case of a mutual company, shall contain the word "mutual."

(b) The term of its existence, which may be perpetual.

(c) The place where its principal office shall be located, which shall be the District of Columbia.

(d) The purpose of the company, which shall be restricted to the business of insurance appertaining to persons.

(e) The mode and manner in which the corporate power shall be exercised; the number, terms of office, and manner of electing directors, who shall be stockholders, or, in the case of a mutual company, shall be members or policyholders of the corporation.

(f) The provisions for meeting and votes of stockholders and policyholders. A stock company in which the policyholders do not vote shall provide for cumulative voting in its articles of incorporation. A stock company in which policyholders vote shall provide that each stockholder shall have one vote, in person or by proxy, for each share of stock owned. A company without capital stock shall provide that every policyholder shall be a member and entitled to one or more votes, in person, or by proxy, based on the insurance in force, the number of policies held or the amount of premiums paid as may be provided in the bylaws, and a stock company may provide for votes by policyholders, but in such case each policyholder shall have the same voting power as every other policyholder.

Articles of incorporation.

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organization."

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nied.

Certificate of author-
ity as insurance com-
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pletion of organization.

(g) The amount of its capital stock, if any, the number of shares, and the par value of each share.

(h) The number of directors who shall manage the company for the first year and their names.

(i) Such other particulars as may be necessary to manifest and explain the objects and purposes of the company.

SEC. 2. PUBLICATION OF ARTICLES OF INCORPORATION; NOTICE OF INTENTION TO FORM COMPANY; BOND OF INCORPORATORS.—The incorporators shall file such articles with the Superintendent and shall publish in a newspaper of general circulation in the District notice of the filing of such articles and of the intention to form such company. Copy of such notice verified by the oath of the publisher of the newspaper, or his agent, copies of proposed bylaws and forms of subscription for capital stock and of proposed applications for membership and for insurance and of all proposed forms of insurance policies, literature, and advertisements shall be filed with the Superintendent. The incorporators shall also file with the Superintendent a bond payable to the Superintendent and his successors, as trustee, in the sum of \$10,000 with approved corporate sureties, and conditioned upon the faithful accounting to the proposed company, on completion of its organization and the receipt of its certificate of authority from the Superintendent, or the stockholders, members, applicants for policies, and creditors, or the trustee, receiver, or assignee of the proposed company, duly appointed in any proceedings in any court or department of competent jurisdiction in the District, in accordance with their respective rights in case the organization of the proposed company shall not be completed and a certificate of authority shall not be procured from the Superintendent.

SEC. 3. APPROVAL OF ARTICLES OF INCORPORATION; COMPLETION OF ORGANIZATION OF COMPANY.—The Superintendent shall submit the proposed articles and other papers so filed with him to the corporation counsel of the District, who shall examine the same, and, if he finds the same in accordance with law, he shall so certify and return the same to the Superintendent, who shall cause the articles and the certificate of the corporation counsel to be recorded in the records of the Superintendent and issue to the incorporators two certified copies thereof, one of which shall be recorded in the office of the recorder of deeds for the District of Columbia, and thereupon such incorporators and their associates shall become and be a body corporate with power to sue and be sued, contract and be contracted with, adopt a seal, and do such other acts, subject to the provisions of this Act, as shall be needful to accomplish the purposes of its organization. If the Superintendent shall approve the sureties on the bond so filed, or on any like bond substituted therefor, he shall issue to the corporation a permit, as a "company in course of organization", authorizing it to complete its organization. Said company in course of organization shall have authority under such permit to solicit subscriptions and payments for capital stock, if a stock company, and applications and advance premiums for insurance, and to exercise such powers, subject to the limitations in this Act prescribed, as may be necessary and proper in completing its organization and qualifying itself for a certificate of authority from the Superintendent to transact the business of insurance appertaining to persons. But such company shall not issue policies or enter into contracts of insurance until it shall have received the certificate of the Superintendent authorizing it so to do.

Upon completion of organization in accordance with this Act the Superintendent shall issue to such company, in course of organization, a certificate of authority as an insurance company.

SEC. 4. AUTHORITY TO SOLICIT SUBSCRIPTIONS TO CAPITAL OF COMPANY IN COURSE OF ORGANIZATION.—No person shall solicit subscriptions for the capital stock of or applications for insurance in any such company in course of organization unless he has been duly authorized by the company and a certificate of his authority, duly signed by a principal officer of the company, has been filed with and approved by the Superintendent.

Certificate to solicit subscriptions to capital of company in course of organization.

SEC. 5. SUBSCRIPTION TO CAPITAL STOCK; LIMITATION OF EXPENSE ON SALE OF CAPITAL STOCK.—Every subscription to the capital stock of a stock company shall contain the stipulation that no sum shall be used for commission, promotion, or organization expenses in excess of a percentage of the amount paid upon the stock subscriptions, to be named in such stipulation and approved by the Superintendent, and the remainder of sums so paid to the company shall be invested in securities in which a life-insurance company is authorized to invest, or deposited in a bank or trust company in the District until the company has duly procured a certificate of authority from the Superintendent.

Subscription to capital stock.

Limitation of expense on sale of capital stock.

SEC. 6. EXAMINATION OF COMPANY IN COURSE OF ORGANIZATION.—The Superintendent shall personally or through his deputy and assistants, examine into the affairs of any such company in course of organization and inspect its books and papers, and may summon and examine under oath any officer or agent or any person who is or has been connected with or who has knowledge of the affairs of such company, and if he find the company is violating the law, or if the company shall not be qualified for a certificate of authority within two years from date of its permit, he shall revoke its permit; and if he find an agent of such company has violated the law, he shall revoke his authority, and he may for such agent's violation revoke the company's permit. Any revocation shall be after twenty days' notice. The Superintendent may, on proper showing, reinstate any company's permit or agent's authority which he has revoked.

Company in course of organization.

Examination of.

Revocation of permit.

Agent's authority.

Notice required.

SEC. 7. WHEN CORPORATE POWERS OF COMPANY IN COURSE OF ORGANIZATION SHALL CEASE.—If any domestic life-insurance company, in course of organization, shall not commence to issue policies within two years from the date of filing its articles of incorporation in the office of the Superintendent, its powers shall thereby cease, and the court, upon petition of the Superintendent or of any person interested, may fix by decree the time in which the Superintendent may settle and close its affairs: *Provided, however,* That the Superintendent may extend the time for any such company to commence the issuance of policies for a period not exceeding two years if the said company shall show good cause in writing why the same should be done.

Corporate powers, company in course of organization.

Termination, if policies not issued within two years from date of filing articles.

Closing affairs of.

Provided. Extension authorized.

SEC. 8. CAPITAL-STOCK REQUIREMENTS.—A domestic capital-stock company organized under this Act shall have a paid-up capital stock of not less than \$100,000. Each domestic capital-stock company organized under this Act, in addition to the paid-up capital stock shall have a surplus paid up equal to at least 50 per centum of such capital stock.

Capital stock requirements.

SEC. 9. AMENDMENT OF ARTICLES OF INCORPORATION.—Any company may amend its articles of incorporation upon publishing notice of such intention, authorized by a majority of its directors, once a week for three consecutive weeks in a newspaper of general circulation in the District, and with the written consent of two thirds of its stockholders, or two thirds of its members present in person or by proxy at a meeting called for that purpose if it does not have capital stock, and by observing such other and further requirements in that behalf as may be prescribed in its articles of incorporation. Such

Articles of incorporation, amendment. Publication of intention.

Filing with Superintendent.	amendment shall be signed and acknowledged by the president and secretary or like officers of the company, and, with a copy of the proceedings of the stockholders or members, if any, and of the directors, shall be filed with the Superintendent and by him submitted to the corporation counsel, and if he finds the amendment and proceedings in conformity with the law, he shall so certify to the Superintendent. The amendment shall not take effect until the Superintendent shall deliver to the company his certified copy of the amendment and of the certificate of the corporation counsel.
Effective date.	
Capital stock, increase of.	SEC. 10. INCREASE OF CAPITAL STOCK.—If a company amend its articles of incorporation by providing for an increase of its capital stock, such increase shall be subscribed and fully paid up within one year of the date of such amendment, unless the Superintendent shall certify his consent to an extension of such time. Failure to have such increase of capital stock paid up within the time provided may be considered grounds for ousting the company from its powers under any such amendment to such articles of incorporation by a court of competent jurisdiction in a proceeding by the Superintendent, the corporation counsel representing him, against the company for such judgment.
Paid up requirement.	
Decrease of.	SEC. 11. DECREASE OF CAPITAL STOCK.—A company may, with the approval of the Superintendent, amend its articles of incorporation by providing for a decrease of its capital stock and a corresponding increase in surplus to an amount not less than the minimum capital stock and surplus required by this Act. The Superintendent shall not approve or issue his certified copy of such amendment if he be of the opinion that the interests of policyholders or creditors may be prejudiced thereby. No distribution of the assets of the company shall be made to stockholders upon any such decrease of capital stock which shall reduce the surplus and capital stock to less than the minimum capital stock and surplus required as aforesaid. Upon any such amendment so decreasing the capital stock such company may require each stockholder to return his certificate of stock and accept a new certificate for such proportion of the amount of its original capital stock as the reduced capital stock shall bear to the original capital stock.
Restriction on distribution of assets.	
Issue of new certificates.	
Stockholders.	SEC. 12. LIABILITY OF STOCKHOLDERS.—All the stockholders of every company incorporated under this chapter shall be severally and individually liable to the policyholders and creditors of the company in which they are stockholders for the unpaid amount due upon the shares of capital stock held by them, respectively, for all debts and contracts made by such company until the whole amount of capital stock fixed and limited by such company shall have been paid in.
Liability of.	
Liability of estates and funds.	No person holding capital stock in such company as executor, administrator, guardian, committee, or trustee shall be personally subject to any liability as stockholder of such company, but the estate and funds in the hands of such executor, administrator, guardian, committee, or trustee shall be liable in like manner and to the same extent as the testator or intestate or the ward or person interested in such trust would have been if he had been living and competent to act and hold the stock in his own name.
Representation.	Every such executor, administrator, guardian, committee, or trustee shall represent the capital stock in his hands at all meetings of the company, and may vote accordingly as a stockholder.
Liability of pledges of stock.	No person holding capital stock in such company as collateral security shall be personally subject to any liability as stockholder of such company, but the person pledging such capital stock shall be considered as holding the same, and shall be liable as a stockholder

accordingly; and every person who shall pledge his capital stock as collateral security may, nevertheless, represent the same at all meetings and vote as a stockholder.

SEC. 13. CAPITAL STOCK PAYMENT CALLS.—No company incorporated under this chapter shall be authorized to transact any business until the authorized capital stock shall have been actually paid in, either in cash or in investments authorized by this Act at market value; and it shall be lawful for the directors to call in and demand from the stockholders the residue of their subscriptions in money or property at such times and in such installments as the directors shall deem proper, under the penalty of forfeiting the shares of capital stock subscribed for and all previous payments made thereon, if payment shall not be made by the stockholder within sixty days after a personal demand or a notice requiring such payment shall have been published once a week for three consecutive weeks in a daily newspaper in the District.

Capital stock payment calls.

Penalty, called payments not made.

SEC. 14. CAPITAL-STOCK TRANSFERS.—The capital stock of such company shall be deemed personal estate and shall be transferable in such manner as shall be prescribed by the bylaws of the company; but no shares shall be transferable until all previous calls thereon shall have been fully paid in or the shares shall have been declared forfeited for nonpayment.

Capital stock; transfer authorized.

Conditioned upon previous calls paid.

A person in whose name shares of capital stock stand on the books of a company shall be deemed the owner thereof as regards the company, but if any such person shall in good faith sell or otherwise dispose of any of his shares of capital stock to another and deliver to him the certificates for such shares, with written authority for the transfer of the same on the books, the title of the former shall vest in the latter so far as may be necessary to effect the purpose of the sale or other disposition, not only as between the parties themselves but also as against the creditors of and subsequent purchasers from the former.

Ownership.

SEC. 15. CAPITAL-STOCK BOOK.—It shall be the duty of the directors of every company formed under this chapter to cause a book to be kept by the treasurer or secretary thereof, containing the names of all persons, alphabetically arranged, who are or shall within six years have been stockholders of such company, and showing their place of residence, the number of shares of capital stock held by them, respectively, the time when they became owners of such shares, and the amount of capital stock actually paid in.

Capital stock books. Duty of keeping.

Contents.

Such book shall, during the usual business hours of the day, on every business day, be open for inspection by policyholders, stockholders, and creditors of the company and their personal representatives at the office or principal place of business of such company in the place where its business operations shall be located, and any policyholder, stockholder, creditor, or representative shall have a right to make extracts from such book.

Inspection.

Such book shall be presumptive evidence of the facts therein stated in favor of the plaintiff in any suit or proceeding against such company or against any one or more stockholders.

Force as evidence.

Every officer or agent of any company who shall neglect to make any proper entry in such book, or shall refuse or neglect to exhibit the same, or allow the same to be inspected and extracts to be taken therefrom, as herein provided, shall be deemed guilty of a misdemeanor, and the company shall pay to the party injured a penalty of \$50 for any such neglect or refusal, and all damages resulting therefrom.

False entry; refusal to exhibit.

Penalty.

Every company that shall neglect to keep such book open for inspection, as herein provided, shall forfeit to the District the sum of

Failure to keep open for inspection.

Penalty.

\$50 for every day it shall so neglect, to be sued for and recovered by the Superintendent, the corporation counsel representing him, in the Supreme Court of the District.

Corporations and associations as members of mutual companies.

SEC. 16. CORPORATIONS AND ASSOCIATIONS AS MEMBERS OF MUTUAL COMPANIES.—Public or private corporations, boards, or associations of the District or elsewhere, may make applications, enter into agreements for, hold policies in, and become members of mutual companies. Any officer, stockholder, trustee, or legal representative of any such corporation, board, association, or of an estate may be recognized as acting for or on its behalf, but shall not be personally liable by reason of acting in such representative capacity.

Mutual companies. When to commence business.

SEC. 17. MUTUAL COMPANIES; WHEN TO COMMENCE BUSINESS.—No domestic mutual company shall transact any business until at least two hundred persons shall have subscribed in the aggregate for at least \$200,000 of insurance and shall have paid in full one annual premium in money upon the insurance so subscribed.

Reorganization of existing domestic companies.

SEC. 18. REORGANIZATION OF EXISTING CORPORATIONS.—Any domestic insurance corporation existing or doing business on the date when this Act goes into effect may, by a vote of a majority of its directors or trustees, accept the provisions of this chapter and amend its charter to conform with the same upon obtaining the consent of the Superintendent thereto in writing, and filing such consent in the office of the recorder of deeds for the District; and thereafter it shall be deemed to have been incorporated under this chapter, and every such corporation in reincorporating under this provision may for that purpose so adopt in whole or in part a new charter, in conformity herewith, and include therein any and all provisions of its existing charter, and any or all changes from its existing charter, to cover and enjoy any or all the privileges and provisions of existing laws which might be so included and enjoyed if it were originally incorporated hereunder, and it shall, upon such adoption of and after obtaining the consent, as in this section before provided, to such charter and filing the same with the Superintendent and the record thereof with the recorder of deeds of the District, perpetually enjoy the same as and be such corporation, which is declared to be a continuation of such corporation which existed prior to such reincorporation; and the offices therein which shall be continued shall be filled by the respective incumbents for the period and the same general proceedings shall be taken upon the presentation of such amended charter or certificate adopted in relation to such amendment, to the Superintendent, as are required by this chapter to be taken with respect to an original charter or certificate, except that no examination of the condition and affairs of such corporation shall be required unless so ordered by the Superintendent, and if the amended charter or certificate be approved by the Superintendent and his certificate of authority to do business thereunder is granted, the corporation shall thereafter be deemed to possess the same powers and be subject to the same liabilities as if such charter or certificate so amended had been its original charter or certificate of incorporation, but without prejudice to pending action or proceeding or any rights previously accrued.

Consent of Superintendent required. Filing.

Voting privilege of policyholders.

Upon the reincorporation or upon the amendment of the charter of any corporation, having a capital stock in accordance with the provisions of this section it may by a vote of the majority of its directors confer upon its policyholders as may have a prescribed amount of insurance upon their lives the right to vote for all or any less number of the directors in such manner not inconsistent with any provision of this Act.

SEC. 19. CONVERSION OF A STOCK LIFE COMPANY INTO A MUTUAL LIFE COMPANY.—Any domestic stock company organized or licensed to do business, whether incorporated under this Act, or any previously existing law, or Act of Congress, may become a mutual company, and to that end may carry out a plan for the acquisition of shares of its capital stock: *Provided, however,* That such plan (1) shall have been adopted by a vote of a majority of the directors of such company; (2) shall have been approved by a vote of stockholders representing a majority of the capital stock at a meeting of stockholders called for the purpose; and (3) shall have been approved by a majority vote of the policyholders voting at a meeting, called for the purpose, of policyholders each insured for at least \$1,000 and whose insurance shall then be in force and shall have been in force for at least one year prior to such meeting; notice of such meeting shall be given by mailing such notice from the home office of such corporation at least thirty days prior to such meeting, in a sealed envelope, postage prepaid, addressed to such policyholders at their last known post-office addresses, and such meeting shall be otherwise provided for and conducted in such manner as shall be provided in such plan: *Provided, however,* That policyholders may vote in person, by proxy, or by mail; that all votes shall be cast by ballot and the Superintendent shall supervise and direct the methods and procedure of said meeting and appoint an adequate number of inspectors to conduct the voting at said meeting who shall have power to determine all questions concerning the verification of the ballots, the ascertainment of the validity thereof, the qualifications of the voters, and the canvass of the vote, and who shall certify to the Superintendent and to the company the result thereof, and with respect thereto shall act under such rules and regulations as shall be prescribed by the Superintendent; that all necessary expenses incurred by the Superintendent shall be paid by the company as certified to by him; and (4) shall have been submitted to the Superintendent and shall have been approved by him in writing: *Provided,* That every payment for the acquisition of any shares of the capital stock of such company, the purchase price of which is not fixed by such plan, shall be subject to the approval of the Superintendent: *Provided further,* That neither such plan, nor any such payment, shall be approved by the Superintendent unless at the time of such approvals, respectively, the company, after deducting the aggregate sum appropriated by such plan for the acquisition of any part or all of its capital stock, and in the case of any payment not fixed by such plan and subject to separate approval as aforesaid after the approval of such plan, after deducting also the amount of such payment, shall be possessed of assets not less than the entire liabilities of the company, including the net values of its outstanding contracts computed according to the standard adopted by the company under chapter V, section 1, of this Act, and also all funds, contingent reserves, and surplus save so much of the latter as shall have been appropriated or paid under such plan.

Conversion of stock life company in a mutual life company.

Provisos.
Requirements, plan of reorganization.

Meetings and votes of policyholders.

Payments for acquisition of capital stock shares.

Approval of Superintendent conditioned upon financial standing of company.

Post, p. 1156.

Corporations heretofore formed.
Applicability of act.

SEC. 20. CORPORATIONS HERETOFORE FORMED.—Every company heretofore incorporated under the provisions of the laws of the District, or Act of Congress, is hereby brought under all the provisions of this Act, except that its capital may continue in the amount named in its charter during the existing term thereof, unless it extends its business to other kinds of insurance, and it shall be entitled to all privileges granted by such charter not authorized by this law.

SEC. 21. DIRECTORS.—The stock, property, and business of every company organized under this Act shall be managed by the directors who shall, except for the first year, be annually elected, at such time

Directors.
Management of company; election.
Requirements.

and place as shall be determined by the bylaws of the company. Every director of such a stock company shall be a stockholder thereof, and every director of such a mutual company shall be a policyholder thereof. All proxies used in the election of directors of such companies shall be valid for a period not exceeding one year from the election for which they were signed and in which they were authorized to be voted.

Proxies.

Bylaws.
Authority to make.

SEC. 22. BYLAWS.—The directors of companies organized under this Act shall have power to make such bylaws as they deem proper for the management of the business affairs of such company, not inconsistent with the laws of the District and the Constitution of the United States, and prescribing the duties of officers, employees, and servants that may be employed, for the appointment or election of all officers, and for carrying on all kinds of business within the objects and purposes of such company.

Election of directors.
Notice required.

SEC. 23. ELECTION OF DIRECTORS.—Notice of the time and place of holding election of directors of a company organized under this Act shall be sent to those entitled to vote, and the election shall be made by such of the stockholders and/or policyholders as shall attend for that purpose, either in person or by proxy. All elections shall be by ballot, and the persons receiving the greatest number of votes shall be directors. When any vacancy shall happen among the directors it shall be filled for the remainder of the year in such manner as may be provided in the bylaws of the company.

Vacancies.

Election not held on
designated day not
grounds for dissolution.

In case it shall happen at any time that an election of directors shall not be made on the day designated by the bylaws of said company when it ought to have been made, the company shall not for that reason be dissolved, but it shall be lawful on any other day to hold an election for directors in such manner as shall be provided in the bylaws, and all acts of directors shall be valid and binding as against said company until their successors shall be elected.

Cumulative voting.

SEC. 24. CUMULATIVE VOTING.—In an election for directors of any stock company in which the policyholders do not vote, each stockholder having a right to vote may cast the whole number of his votes for one candidate, or distribute them upon two or more candidates, as he may prefer, that is to say: If the stockholder having a right to vote owns one share of stock, or has one vote, or is entitled to one vote for each of seven directors by virtue thereof, he may give one vote to each of said seven directors, or seven votes for any one thereof, or a less number of votes for any less number of directors, whatever may be the actual number to be elected, and in this manner may distribute or cumulate his votes as he may see fit.

Voting power under
group life insurance
policies.

SEC. 25. VOTING POWER UNDER POLICIES OF GROUP LIFE INSURANCE.—In every group policy issued by a domestic life company the employer shall be deemed to be the policyholder for all purposes, within the meaning of this chapter, and, if entitled to vote at meetings of the company, shall be entitled to one vote thereat.

Liability of directors.

SEC. 26. LIABILITY OF DIRECTORS.—The directors of any company organized under the laws of the District shall be personally liable when they have participated in or assented to any act which shall cause injury to policyholders, creditors, or stockholders resulting from (a) ultra vires acts; (b) illegal corporate acts done with their connivance, knowledge, or consent; (c) issuing unpaid or part-paid stock and marking or representing it as paid up in full; (d) dividend payments declared whether negligently or purposely impairing the capital stock and minimum surplus; (e) mismanagement; (f) loaning corporate funds to stockholders or discounting their notes out of corporate moneys; (g) making false notices or reports that deceive the public; or, (h) transferring property to officers or stockholders

to defraud policyholders or creditors. If any of the directors shall object to declaring a dividend or the payment of the same, and shall, at any time before the time fixed for the payment thereof, file a certificate of their objections in writing with the secretary of the company and with the Superintendent, they shall be exempt from the liability prescribed in this section for dividends declared or paid impairing the capital stock and minimum surplus.

Exemption.

SEC. 27. SALARIES TO BE AUTHORIZED BY DIRECTORS.—No domestic company shall pay any salary, compensation, or emolument to any officer, trustee, or director thereof, amounting in any one year to more than \$5,000, unless such payment shall be authorized by the board of directors of the company.

Salaries, amount to be authorized.

SEC. 28. LIMITATION OF DIVIDENDS TO STOCKHOLDERS AND POLICYHOLDERS.—No domestic company shall make any payments in form of dividends or otherwise to its stockholders for or on account of any interest in or relation to the company as stockholders unless it possesses assets in the amount of such payment in excess of its liabilities, including its capital stock, and the surplus required by this Act; and no domestic company shall make any payments to its policyholders for or on account of any interest in or relation to the company as members or policyholders except for matured claims or other policy obligations and in the purchase of surrender values unless it possesses assets in the amount of such payments in excess of its liabilities, and the capital stock and surplus required by this Act.

Dividends to stockholders and policyholders.

Limitation on payment.

SEC. 29. OFFICERS.—There shall be a president, a secretary, and a treasurer of the company, who shall be elected by the directors; and also such subordinate officers as may be elected or appointed, and who may be required to give security for the faithful performance of the duties of their office, as this Act and the company by its bylaws may require.

Officers.

SEC. 30. OFFICERS AND DIRECTORS NOT TO BE PECUNIARILY INTERESTED IN TRANSACTIONS.—No director or officer of any company doing business in the District shall receive any money or valuable thing for negotiating, procuring, recommending, or aiding in any purchase by or sale to such company of any property, or any loan from such company, nor be pecuniarily interested, either as principal, coprincipal, agent, or beneficiary, in any such purchase, sale, or loan, nor shall the financial obligation of any such director or officer be guaranteed by such company in any capacity: *Provided*, That nothing herein contained shall prevent any such director or officer from receiving a fee for appraising property for said company or for serving on any committee that passes on the investments of said company: *Provided further*, That nothing herein contained shall prevent a life-insurance company from making a loan upon a policy held therein by a director not in excess of the net value thereof. Any person violating any provision of this section shall be guilty of a misdemeanor.

Pecuniary interest of officers and directors in transactions forbidden.

Proviso.
Fee for appraising property.

Loans on policies.

Penalty provision.

Voting trusts prohibited.

SEC. 31. VOTING TRUSTS PROHIBITED.—It shall be unlawful for any stockholder, director, or officer of any company having capital stock to enter into any contract or agreement, commonly known as "voting-trust agreements", whereby the rights, benefits, or liabilities attaching to the capital stock are transferred or assigned, temporarily or otherwise, to any person or group of persons, incorporated or unincorporated, for the purpose of controlling, managing, or directing the company, or voting its stock: *Provided*, That this section shall not prevent the granting of proxies by stockholders authorizing a designated individual to represent them at stockholders' meetings.

Proviso.
Proxies.

Maximum and contingent premiums of mutual companies.

SEC. 32. MAXIMUM AND CONTINGENT PREMIUMS OF MUTUAL COMPANIES.—The maximum premium shall be expressed in the policy of a mutual company and it may be solely a cash premium or may be a cash premium and an additional contingent premium, which contingent premium shall not be less than the cash premium, but no mutual company shall issue any insurance policy for a cash premium without an additional contingent premium until and unless it possesses a surplus of at least \$100,000.

Classification of risks.

SEC. 33. CLASSIFICATION OF RISKS BY MUTUAL COMPANIES.—A mutual company may, in its articles of incorporation or in its bylaws, provide for the classification of its risks and of its members and for the payment of dividends and for the creation of a surplus.

Mutual company guaranty fund; power to borrow.

SEC. 34. MUTUAL COMPANY GUARANTY FUND; MUTUAL COMPANY POWER TO BORROW.—A mutual company organized under this Act may borrow or assume a liability for the repayment of a sum of money sufficient to defray the reasonable expenses of its organization or to enable it to comply with any requirement of the law or as a guaranty fund upon agreement, which shall first be submitted to and approved by the Superintendent that such loan or advance, with interest at a rate not exceeding 6 per centum per annum, shall be repaid out of the earnings, or profits of such corporation with the approval of the Superintendent whenever in his judgment the financial condition of the company shall warrant; but such approval shall not be withheld if, after such repayment shall be made, the company shall have and be in possession of a surplus equal to 10 per centum or more of its gross annual premiums. Any such loan or advance shall not form a part of the legal liabilities of the company, but until repaid all statements published by such company or filed with the Superintendent shall show the amount thereof then remaining unpaid.

Approval of Superintendent.
Repayment.

Statement to show unpaid balance.

Investment of funds, domestic companies.

SEC. 35. INVESTMENT OF FUNDS OF DOMESTIC COMPANIES.—A domestic company shall invest its fund only in—

Government bonds.

(1) Bonds or other evidences of indebtedness of the United States, or of any State or of the Dominion of Canada or of any Province thereof.

Municipal bonds.

(2) Bonds or other evidences of indebtedness of any county, city, town, village, school district, or other municipal district within the United States or Dominion of Canada which shall be a direct obligation of the county, city, town, village, or district issuing the same.

Real estate mortgages, deeds of trust.

(3) Bonds or notes secured by mortgages or deeds of trust of unencumbered real estate or perpetual leases thereon in the United States or Dominion of Canada worth not less than 50 per centum more than the amount loaned thereon. Where improvements on the land constitute a part of the value on which the loan is made, the improvements shall be insured against fire for the benefit of the mortgagee in an amount not less than the difference between two thirds of the value of the land and the amount of the loan: *Provided*, That for the purposes of this section real estate shall not be deemed to be encumbered within the meaning of this section, by reason of the existence of taxes or assessments that are not delinquent, instruments creating or reserving mineral, oil, or timber rights, rights of way, joint driveways, sewer rights, rights in walls, nor by reason of building restrictions or other restrictive covenants, nor when such real estate is subject to lease in whole or in part whereby rents or profits are reserved to the owner.

Insurance of improvements.

Proviso.
Unencumbered real estate, construed.

Bonds of Federal agencies.

(4) Bonds or other evidences of indebtedness of the Farm Loan Banks authorized under the Federal Farm Loan Act or Acts amendatory thereof or supplementary thereto.

(5) Stock and bonds and other evidences of indebtedness of any solvent corporation of any State or Territory of the United States or of the District or of any Province of the Dominion of Canada excepting stock in its own corporation: *Provided*, That no such investment shall be made in or loan made upon the security of any such stocks upon which dividends in cash during the period of five years next preceding such purchase amounting to not less than 4 per centum on all of such corporation's outstanding capital stocks in each fiscal year for said five years shall not have been paid and upon which bonds any regular interest payment shall have been defaulted any time within five years prior to such purchase or loan.

Stocks, bonds of solvent corporations.

Proviso.
Restriction.

(6) Loans upon the pledge of any of the securities aforesaid.

Loans upon pledge of securities.

Purchase of policies.

(7) A life-insurance company may also purchase for its own benefit any policy of life insurance or other obligation of the company and claim of the holders thereof, and may lend to the holders of its life-insurance policies sums not exceeding in any case the reserve value of the policy at the time the loan is made, and for the payment of any such loan the policy and all profits thereon shall be pledged.

Loans to policyholders.

Limitation.

(8) A company doing business in a foreign country may invest the funds required to meet its obligations in such country and in conformity to the laws thereof in the same kind of securities in such foreign country that such company is allowed by law to invest in the United States.

Investments, company in business in foreign country.

(9) A life-insurance company may purchase or receive in exchange for any mortgage, contract, judgment, or lien owned or held by it, or for any real estate acquired by it in satisfaction of any mortgage, contract, judgment, or lien upon such real estate, the bonds of the Home Owners' Loan Corporation, a corporation organized under and pursuant to the authority of the Home Owners' Loan Act of 1933, passed by the Congress of the United States and approved June 13, 1933.

Bonds of Home Owners' Loan Corporation.

No loan or investment, except loans on the security of life-insurance policies, shall be made by any such company, unless the same shall have been authorized by the board of directors or by a committee thereof charged with the duty of supervising loans or investments.

Restriction on general loans, etc.

No such company shall subscribe to or participate in any underwriting of the purchase or sale of securities or property, or enter into any transaction for such purchase or sale on account of said company, jointly with any other corporation, firm, or person, or enter into any agreement to withhold from sale any of its securities or property; but the disposition of its assets shall at all times be within the control of the company.

Underwriting.

Nothing in this Act shall prohibit a company from accepting in good faith, to protect its interests, securities, or property, other than herein referred to, in payment of or to secure debts due or to become due the company.

Acceptance of securities and property in payment of debts.

SEC. 36. DOMESTIC COMPANY REAL-ESTATE HOLDINGS.—A domestic company may acquire, hold, and convey real estate for the purpose and in the manner only following:

Domestic company, real-estate holdings. Authorized transactions.

(1) The building in which it has its principal office and the land on which it stands.

(2) Such as shall be requisite for its convenient accommodation in the transaction of its business.

(3) Such as shall have been acquired for the accommodation of its business.

(4) Such as shall have been mortgaged to it in good faith by way of security for loans previously contracted or for money due.

(5) Such as shall have been conveyed to it in satisfaction of debts, previously contracted, in the course of its dealings.

(6) Such as it shall have purchased at sales on judgments, decrees, or mortgages obtained or made for such debts.

Sale of surplus property.

All such real estate specified in paragraphs (3), (4), (5), and (6) of this section, which shall not be necessary for its accommodation in the convenient transaction of its business, shall be sold by the company and disposed of within five years after it shall have acquired the title to the same, or within five years after the same shall have ceased to be necessary for the accommodation of its business unless the company procure the certificate of the Superintendent that its interests will suffer materially by a forced sale thereof, in which event the time for the sale may be extended to such time as the Superintendent shall direct in such certificate.

Reinsurance by domestic companies in authorized companies.

SEC. 37. REINSURANCE BY DOMESTIC COMPANIES IN AUTHORIZED COMPANIES.—Any domestic company may reinsure any part of an individual risk in another company having power to make such reinsurance, and with the consent of the Superintendent may reinsure any part or all of its risks in another such company. But no credit shall be taken for the reserve for unearned premiums on such reinsurance unless the company accepting the reinsurance is authorized to do business in the District by the Superintendent, or in one or more States in the United States, and the Superintendent shall have approved the reinsurance.

Credit for reserve for unearned premiums.

Disbursements, vouchers.

SEC. 38. VOUCHERS FOR DISBURSEMENTS.—No domestic company shall make any disbursement of \$100 or more unless the same be evidenced by a voucher signed by or on behalf of the person, firm, or corporation receiving the money and describing the consideration for the payment; and if the expenditure be in connection with any matter pending before any legislative or public body or before any department or officer of any State or government, the voucher shall describe the nature of the matter and the interest of the company therein, or, if such voucher cannot be obtained, the expenditure shall be evidenced by affidavit describing its character and object and stating the reasons for not obtaining such voucher.

Books, records, accounts, and vouchers of domestic companies. Requirement.

SEC. 39. BOOKS, RECORDS, ACCOUNTS, AND VOUCHERS OF DOMESTIC COMPANIES.—Every domestic company shall keep its books, records, accounts, and vouchers in such manner that its financial condition can be ascertained and so that its financial statements filed with the Superintendent can be readily verified.

Capital stock acquisition by company of its own shares.

SEC. 40. CAPITAL-STOCK ACQUISITION BY COMPANY OF ITS OWN SHARES.—It shall be unlawful for any company to acquire shares of its own capital stock except upon approval of the Superintendent where the total outstanding stock is being diminished in accordance with this Act.

Foreign and alien companies.

CHAPTER IV—RELATING TO ADMISSION OF FOREIGN AND ALIEN COMPANIES

Sec. 1. Application of foreign or alien company for authority to do business in the District.

Sec. 2. Trustees of alien companies.

Application for authority to do business in the District.

SECTION 1. APPLICATION OF FOREIGN OR ALIEN COMPANY FOR AUTHORITY TO DO BUSINESS IN THE DISTRICT.—A foreign or alien insurance company desiring to transact business in the District shall file with the Superintendent:

Documents to be filed.

(a) Its application for certificate of authority, stating the kind or kinds of insurance it proposes to transact.

(b) A copy of its charter, articles of incorporation, or deed or settlement, certified by the official who is required to keep or record the same in the State under whose laws the company is incorporated, or if organized under the laws of a foreign Government, Province, or State, by the proper official of such Government, Province, or State.

Application for certificate.
Copy of charter.

(c) A copy of its bylaws, or regulations, if any, certified to by the secretary of the company.

Bylaws, regulations.

(d) Copies of the policies it is issuing or proposes to issue and of the applications therefor.

Policies.

(e) The instrument authorizing service of process on the Superintendent required by this Act.

Instrument authorizing service of process.

(f) A statement of its financial condition and business, in form as prescribed by law for annual statements, signed and sworn to by the president and secretary or other principal officers of the company. If an alien company, the statement shall comprise only its condition and business in the United States, and shall be signed and sworn to by its United States manager.

Statement of financial condition.

(g) It shall satisfy the Superintendent that the company is duly organized under the laws of the State, Province, or government under whose laws it professes to be organized, and authorized to do the business it is transacting or proposes to transact, and that its name is not identical with, nor so similar to, that of another company organized prior to the organization of the applying company as to lead to confusion.

Requirements.

(h) It shall satisfy the Superintendent that it has, if a capital stock company, paid-up capital stock and surplus at least equal to the capital stock and surplus required of domestic companies invested in accordance with the laws of the District or the Government under which it is organized, and, if a company without capital stock, that it has assets at least equal to the assets required of domestic companies and an additional contingent liability of its policyholders equal to not less than the cash premium expressed in the policies in force, and, if an alien company, that it has a surplus of assets invested according to the laws of the District or of the State in the United States where it has its deposit, held in the United States in trust for the benefit and security of all of its policyholders in the United States, over all its liabilities in the United States, of an amount equal to the surplus of assets required of a like domestic company; and such alien company shall also deposit securities of the amount and value of \$100,000 and of the classes in which insurance companies are permitted by this law to make investments, or satisfy the Superintendent that it has on deposit with the official of a State of the United States, authorized by the law of such State to accept such deposit, securities of the amount and value of \$100,000 of the classes in which like insurance companies of such State are permitted to make their investments, for the benefit and security of all policyholders of such company in the United States, and the company shall file with the Superintendent the certificate of such official of any such deposit with such official of any such State.

Capital stock companies.

Other companies.

Deposit of securities.

SEC. 2. TRUSTEES OF ALIEN COMPANIES.—The directors of an alien company may appoint citizens or corporations of the United States, approved by the Superintendent, as its trustees to hold funds and assets in trust for the benefit of the policyholders and creditors of the company in the United States. A certified copy of the record of such appointment and of the deed of trust shall be filed with the Superintendent, who may examine such trustees and any officers and agents, books, and papers of the company in the same manner as he may examine officers, agents, books, papers, and affairs of insurance

Trustees of alien company.

Filing, certified copy of record of appointment.

Funds and assets.

companies. The funds and assets so held by such trustees shall, with the deposits otherwise made by the company and the funds and assets held by the company in the United States for the benefit of its policyholders and creditors in the United States, constitute the assets of the company for the purpose of making its financial statements required by this Act.

Provisions relating to all life insurance companies.

CHAPTER V—PROVISIONS RELATING TO ALL LIFE INSURANCE COMPANIES

- Sec. 1. Superintendent to value policies; legal standard of valuation.
- Sec. 2. Separate classes and accounts to be kept for participating and non-participating insurance.
- Sec. 3. Standard provisions required in life-insurance policies.
- Sec. 4. Provisions prohibited in life-insurance policies.
- Sec. 5. Standard provisions required in annuities and pure endowment contracts.
- Sec. 6. Extension of time for payment of life premium.
- Sec. 7. Interest on policy and premium loans may be added to principal.
- Sec. 8. Life-policy forms to be filed with Superintendent.
- Sec. 9. Provisions required by the laws of a company's own State may be included in policies.
- Sec. 10. Definition of group life insurance.
- Sec. 11. Standard provisions for policies of group life insurance.
- Sec. 12. Standard provisions for accident and health policies.
- Sec. 13. Stock operations and advisory-board contracts prohibited.
- Sec. 14. Misrepresentations prohibited.
- Sec. 15. Discrimination prohibited.
- Sec. 16. Rights of creditors and beneficiaries under policies of life insurance.
- Sec. 17. Exemption of group life-insurance policies from execution.
- Sec. 18. False statements.
- Sec. 19. Proceeds of certain policies to be held in trust by life company.
- Sec. 20. When actual premium for life policy is less than net premium.

Policies.
Annual valuations
by Superintendent.

SECTION 1. SUPERINTENDENT TO VALUE POLICIES; LEGAL STANDARD OF VALUATION.—The Superintendent shall annually make valuations of all outstanding policies, additions thereto, and all other life insurance and annuity obligations of every life company doing business in the District. All valuations made by him, or by his authority, shall be made upon the net premium basis.

Basis.

Standard of valuation.

The legal minimum standard for the valuation of life-insurance contracts issued before the 1st day of January next following the passage and approval of this Act shall be the method and basis of valuation heretofore applied by the Superintendent in the valuation of such contracts, and for life-insurance contracts issued on and after said date shall be the one-year preliminary term method of valuation, except as hereinafter modified, on the basis of the American Experience Table of Mortality with interest at 3½ per centum per annum: *Provided*, That any life company may, at its option, value its insurance contracts issued on and after the passage and approval of this Act in accordance with their terms on the basis of the American Men Ultimate Table of Mortality with interest not higher than 3½ per centum per annum by the level net premium method or by the modified preliminary term method hereinafter described.

Proviso.
Valuation of policies
by company.

Premium payments.

If the premium charged for term insurance under a limited payment life preliminary term policy providing for the payment of all premiums thereon in less than twenty years from date of the policy, or under an endowment preliminary term policy, exceeds that charged for like insurance under twenty payment life preliminary

term policies of the same company, the reserve thereon at the end of the year, including the first, shall not be less than the reserve on a twenty payment life preliminary term policy issued in the same year and at the same age, together with an amount which shall be equivalent to the accumulation of a net level premium sufficient to provide for a pure endowment at the end of the premium payment period, equal to the differences between the value at the end of such period of such a twenty payment life preliminary term policy and the full net level premium reserve at such time of such a limited payment life or endowment policy. The premium payment period is the period during which premiums are concurrently payable under such twenty payment life preliminary term policy and such limited payment life or endowment policy.

Policies issued on the preliminary term method shall contain a clause specifying that the reserve thereof shall be computed in accordance with the modified preliminary term method of valuation provided for herein.

The legal minimum standard for the valuation of annuities issued on and after the 1st day of January next following the passage and approval of this Act shall be McClintock's Table of Mortality Among Annuitants, with interest at 4 per centum per annum, but annuities deferred ten or more years and written in connection with life insurance shall be valued on the same basis as that used in computing the consideration or premiums therefor, or upon any higher standard at the option of the company.

The legal minimum standard for the valuation of industrial policies issued after the 1st of January next following the passage and approval of this Act shall be the American Experience Table of Mortality with interest at $3\frac{1}{2}$ per centum per annum: *Provided*, That any life company may voluntarily value its industrial policies on the basis of the standard industrial mortality table or the sub-standard industrial mortality table by the level net premium method or in accordance with their terms by the modified preliminary term method hereinbefore described.

Every company shall report the standards used by it in making valuations to the Superintendent in its annual statement: *Provided*, That no such standards, if adopted, shall be abandoned without the consent of the Superintendent first obtained in writing.

The Superintendent may vary the standards of interest and mortality in the case of alien companies as to contracts issued by such companies in other countries than the United States, and in particular cases of invalid lives and other extra hazards; may value policies in groups, use approximate averages for fractions of a year and otherwise, and shall accept the valuation of the insurance department of any State or country, if made upon a basis and according to standards producing a reserve not lower than herein required or authorized, instead of the valuation herein required if the insurance official of such State or country accepts as sufficient and valid for all purposes the certificate of valuation of the Superintendent of the District.

SEC. 2. SEPARATE CLASSES AND ACCOUNTS TO BE KEPT FOR PARTICIPATING AND NONPARTICIPATING INSURANCE.—Every life company doing business in the District which issues both participating and nonparticipating policies shall keep the two classes of business separate and shall make and include in the annual statement to be filed with the Superintendent each year a separate statement of the gains, losses, and expenses properly attributable to each of such classes and also showing the manner in which any general outlay of expenses of the company has been apportioned to each. No such

Reserves.

"Premium payment period", construed.

Policies issued under preliminary term method.

Legal minimum standard for valuation of annuities.

For valuation of industrial policies.

Proviso.
Valuation by company.

Report of standards.
Proviso.
Abandonment of standard.

Power of Superintendent to vary standards.

Separate classes and accounts, participating and nonparticipating insurance.
Separation of classes required.

Annual statement.

Limitation on application of section.

life company shall be permitted to do business in the District unless it makes such a separation of its business. This section shall not apply to paid-up, temporary, or pure endowment insurance issued or granted in exchange for lapsed or returned policies.

Standard provisions required in policies.

SEC. 3. STANDARD PROVISIONS REQUIRED IN LIFE-INSURANCE POLICIES.—No policy of life insurance other than industrial insurance, annuities, and pure endowments with or without return of premiums or of premiums and interest shall be issued or delivered in the District or be issued by a life company organized under the laws of the District after the 1st day of January next following the passage and approval of this Act unless the same shall contain in substance the following:

Premiums payable in advance.

(1) A provision that all premiums after the first shall be payable in advance, either at the home office of the company or to an agent of the company, upon delivery of a receipt signed by one or more of the officers who shall be designated in the policy.

Period of grace.

(2) A provision that the insured is entitled to a grace period of at least thirty days or of one month within which the payment of any premiums after the first year may be made, subject at the option of the company to an interest charge not in excess of 6 per centum per annum for the number of days of grace elapsing before the payment of the premium, during which period of grace the policy shall continue in full force, but in case the policy becomes a claim during the said period of grace before the overdue premium or the deferred premiums of the current policy year, if any, are paid, the amount of such premiums, with interest on any overdue premiums, may be deducted from any amount payable under the policy in settlement. Grace shall date from the premium-paying date stated in the policy.

Policy to constitute entire contract.

Incontestability.

Exceptions.

(3) A provision that, except as otherwise expressly provided by law, the policy shall constitute the entire contract between the parties and shall be incontestable after it has been in force during the lifetime of the insured for a period of not more than two years from its date, except for nonpayment of premiums and except for violations of the conditions of the policy relating to naval or military service in time of war, and at the option of the company, provisions relative to benefits in the event of total and permanent disability and provisions which grant additional insurance specifically against death by accident may also be excepted; that all statements made by the insured shall, in the absence of fraud, be deemed representations and not warranties; and that no such statement or statements shall be used in defense of a claim under the policy unless contained in a written application and unless a copy of such statement or statements be endorsed upon or attached to the policy when issued: *Provided*, That nothing contained herein shall apply to applications for reinstatement. A reinstated policy shall be contestable on account of fraud or misrepresentation of material facts pertaining to the reinstatement, for the same period after reinstatement as provided in the policy with respect to the original issue.

Statements of insured deemed representations.

Use of statement in defense of claim.

Proviso.
Limitation on application of provision; reinstated policy.

Misstatement of age of insured.

(4) A provision that if it shall be found at any time before final settlement under the policy that the age of the insured (or the age of the beneficiary, if considered in determining the premium) has been misstated, the amount payable under the policy shall be such as the premium would have purchased at the correct age, according to the company's rate at date of issue.

Participation in company surplus.

(5) A provision that the policy shall participate in the surplus of the company, and any policy containing provisions for participation at the end of the first policy year, and annually thereafter,

may also provide that each dividend shall be paid subject to the payment of the premium for the next ensuing year; and the insured under any annual dividend policy shall have the right each year to have the dividend arising from such participation paid in cash; and if the policy shall provide other dividend options, it shall further provide which of said options shall be effective if the insured shall not elect any such other option on or before the expiration of the period of grace allowed for the payment of the premium. This provision shall not apply to any form of paid-up insurance or temporary insurance or pure endowment insurance, issued or granted in exchange for lapsed or surrendered policies, or to nonparticipating policies.

(6) A provision that after the policy has been in force three full years the company at any time, while the policy is in force, will advance, on proper assignment or pledge of the policy and on the sole security thereof, at a specified rate of interest, a sum equal to, or at the option of the insured less than the reserve at the end of the current policy year on the policy and on the dividend additions thereto, if any, exclusive of the reserve on account of return premium insurance and of total and permanent disability and additional accidental death benefits, less a sum not more than $2\frac{1}{2}$ per centum of the amount insured by the policy and of any dividend additions thereto (the policy to specify the mortality table and rate of interest adopted for computing such reserve); and that the company will deduct from such loan value any existing indebtedness on the policy and any unpaid balance of the premium for the current policy year, and may collect interest in advance on the loan to the end of the current policy year; which provision may further provide that such loan may be deferred for not exceeding six months after the application therefor is made. A company may, in lieu of the provision hereinabove permitted for the deduction from a loan on the policy of a sum not more than $2\frac{1}{2}$ per centum of the amount insured by the policy and of any dividend additions thereto, insert in the policy a provision that one fifth of the said reserve may be deducted in case of a loan under the policy, or may provide therein that the deduction may be the said $2\frac{1}{2}$ per centum or the one fifth of the said reserve at the option of the company. This provision shall not be required in term insurance, nor shall it apply to temporary insurance or pure endowment insurance, issued or granted in exchange for lapsed or surrendered policies. The policy may further provide that if the interest on the loan is not paid when due it shall be added to the existing loan and shall bear interest at the same rate.

(7) A provision that in event of default in premium payments, after premiums shall have been paid for three years, the insured shall be entitled to a stipulated form of insurance, effective from the due date of the defaulted premium, the net value of which shall be at least equal to the reserve at the date of default on the policy and on dividend additions thereto, if any, exclusive of the reserve on account of return premium insurance and on total and permanent disability and additional accidental death benefits (the policy to specify the mortality table and rate of interest adopted for computing such reserve); less a specified percentage (not more than two and one half) of the amount insured by the policy and of existing dividend additions thereto, if any, and less any existing indebtedness to the company on or secured by the policy: *Provided*, That a company may, in lieu of the provision herein permitted for the deduction from the reserve of a sum not more than $2\frac{1}{2}$ per centum of the amount insured by the policy, and of any dividend additions thereto, insert in the policy a provision that one fifth of said reserve may be deducted, or may provide therein that a deduction may be

Right of payment in cash.

Other dividend options.

Limitation on application of provisions.

Loans.

Amount.

Deduction of existing indebtedness.

Period may be deferred.

Deduction of part of reserve.

Provision not applicable to term insurance.

Interest.

Default in premium payments.

Entitlement of insured to new form of insurance.

Provisions.
Deductions.

Surrender of policy for cash value.	made of said 2½ per centum or one fifth of said reserve, at the option of the company: <i>Provided further</i> , That the policy may be surrendered to the company at its home office within one month of the due date of defaulted premium for a specific cash value at least equal to the sum which would otherwise be available for the purchase of insurance as aforesaid: <i>And provided further</i> , That the company may defer payment for not more than six months after the application therefor is made. This provision shall not be required in term insurance of twenty years or less. The net single premium rate employed in computing the term of temporary insurance or the amount of pure endowment insurance granted as a non-forfeiture value under any life-insurance policy may at the option of the company be based upon a table of mortality showing rates of mortality not greater than 130 per centum of those shown by the American Men Ultimate Table of Mortality instead of the table used in computing the reserve on the policy, or in case of substandard policies not greater than 130 per centum of the rates of mortality shown by the table of mortality approved by the Superintendent for computing the reserve on the policy, anything herein to the contrary notwithstanding.
Deferred payment. Not applicable in term insurance.	
Net single premium rate.	
Specification of options in event of premium default. Not applicable in term insurance. Option of company, when premium default.	(8) A provision specifying the options to which the policyholder is entitled in the event of default in a premium payment after three full annual premiums shall have been paid. This provision shall not be required in term insurance of twenty years or less. A provision may also be inserted in the policy that in event of default in a premium payment before such options become available the reserve on any dividend additions then in force may at the option of the company be paid in cash or applied as a net premium to the purchase of paid-up term insurance for any amount not in excess of the face of the original policy.
Table showing loan values.	(9) A table showing in figures the loan values and the options available under the policy each year upon default in premium payments, during at least the first twenty years of the policy or during the premium paying period if less than twenty years.
Purchase of other insurance.	(10) A provision that if in event of default in premium payments the value of the policy shall have been applied to the purchase of other insurance as provided for in this section, and if such insurance shall be in force and the original policy shall not have been surrendered to the company and canceled, the policy may be reinstated within three years from such default, upon evidence of insurability satisfactory to the company and payment of arrears of premiums and the payment or reinstatement of any other indebtedness to the company upon said policy, with interest on said premium and indebtedness at the rate of not exceeding 6 per centum per annum payable annually, and that such reinstated policy shall be contestable, on account of suicide, fraud, or misrepresentation of material facts pertaining to the reinstatement, for the same period after reinstatement as provided in the policy with respect to the original issue.
Reinstatement.	(11) A provision that when a policy shall become a claim by the death of the insured settlement shall be made upon receipt of due proof of death.
Death settlement.	(12) A table showing the amount of installments, if any, in which the policy may provide its proceeds may be payable.
Amount of installments.	(13) Title on the face and on the back of the policy briefly describing its form.
Title.	

Any of the foregoing provisions or portions thereof not applicable to single premium or nonparticipating or term policies shall, to that extent, not be incorporated therein; and any such policy may be issued or delivered in the District which in the opinion of the Super-

intendent contains provisions on any one or more of the several foregoing requirements more favorable to the policyholder than hereinbefore required. The provisions of this section shall not apply to policies of reinsurance, or to policies issued or granted in exchange for lapsed or surrendered policies, or to group insurance.

SEC. 4. PROVISIONS PROHIBITED IN LIFE-INSURANCE POLICIES.—No policy of life insurance other than industrial insurance, annuities, and pure endowments, with or without return of premiums or of premiums and interest, shall be issued or delivered in the District or be issued by a life company organized under the laws of the District after the 1st day of January next following the passage and approval of this Act if it contains any of the following provisions:

Provisions prohibited in life-insurance policies.

(1) A provision limiting the time within which any action at law or in equity may be commenced to less than three years after the cause of action shall accrue.

Limitation of actions.

(2) A provision by which the policy shall purport to be issued or take effect more than six months before the original application for the insurance was made.

Policy taking effect before application made.

(3) Except for provisions relating to misstatement of age, suicide, aviation, and military or naval service in time of war, a provision for any mode of settlement at maturity, after the expiration of the contestable period of the policy, of less value than the amount insured on the face of the policy plus dividend additions, if any, less any indebtedness to the company on or secured by the policy, and less any premium that may, by the terms of the policy, be deducted. This paragraph shall not apply to any nonforfeiture provision which employs the cash value less indebtedness, if any, to purchase automatic paid-up or extended insurance.

Settlements at maturity at less than amount on policy.

(4) A provision for forfeiture of the policy for failure to repay any loan on the policy, or to pay interest on such loan, while the total indebtedness on the policy, including interest, is less than the loan value thereof.

Forfeiture of policy, failure to repay loan.

(5) A provision to the effect that the agent soliciting the insurance is the agent of the person insured under said policy, or making the acts or representations of such agent binding upon the person so insured under said policy.

Soliciting agent as agent of insured.

(6) A provision permitting the payment of funeral benefits in merchandise or services, or permitting the payment of any benefits other than in lawful money of the United States.

Payment of funeral benefits in merchandise.

(7) A provision permitting either contracting to pay, or the payment of, funeral, burial, and other expenses to any designated undertaker or undertaking establishment, or to any particular tradesman or business man, so as to deprive the persons entitled by law to dispose of the body of a deceased, or in anyway to control such persons in procuring and purchasing said supplies and services in the open market with the advantage of competition.

Payment of funeral expenses.

Disposal of body of insured.

SEC. 5. STANDARD PROVISIONS REQUIRED IN ANNUITIES AND PURE ENDOWMENT CONTRACTS.—On and after January 1 following the passage and approval of this Act no annuity or pure endowment contract shall be issued or delivered in the District unless and until a copy of the form thereof has been filed with the Superintendent and formally approved by him.

Standard provisions required in annuities and pure endowment contracts.

Copy to be filed.

Except in the case of a reversionary annuity, otherwise called a "survivorship annuity", or an annuity contracted by an employer in behalf of his employees, no annuity or pure endowment contract shall be so issued or delivered in this District unless it contains, in substance, the following provisions:

First. A provision that there shall be a period of grace, either of thirty days or of one month, within which any stipulated payment

Period of grace.

to the company falling due after the first year may be made, subject, at the option of the company, to an interest charge thereon at a rate to be specified in the contract, but not exceeding 6 per centum per annum for the number of days of grace elapsing before such payment, during which period of grace, the contract shall continue in full force; but in case a claim arises under the contract on account of death during the said period of grace before the overdue payment to the company or the deferred payments of the current contract year, if any, are made, the amount of such payments, with interest on any overdue payments, may be deducted from any amount payable under the contract in settlement.

Deductions in event of death during.

Incontestibility.

Second. If statements, other than those relating to age and identity, are required, as a condition of issuing the contract, a provision that the contract shall be incontestable after it has been in force during the lifetime of the person or each of the persons as to whom such statements are required, for a period of two years from its date of issue, except where stipulated payments to the company have not been made, and except for violation of the conditions of the contract relating to military or naval service in time of war, and at the option of the company, provisions relative to benefits in the event of total and permanent disability and provisions which grant insurance specifically against death by accident, may also be exacted.

Policy to constitute entire contract.

Third. A provision that such contract shall constitute the entire contract between the parties, but if the company desires to make the application a part of the contract it may do so, provided a copy of such application shall be endorsed upon or attached to such contract, when issued, and in such case such contract shall contain a provision that it, together with the application therefor, shall constitute the entire contract between the parties.

Misstatements regarding age.

Fourth. A provision that if the age of the person or persons upon whose life or lives the contract is based, or of any of them, has been misstated, the amount payable under the contract shall be such as the stipulated payments to the company would have purchased at the correct age or ages.

Overpayments by company.

Any over payment or over payments by the company, on account of misstatement of age, shall with interest thereon at a rate to be specified in the contract, but not exceeding 6 per centum per annum, be charged against the current or next succeeding payment or payments to be made by the company under the contract.

Apportionment of surplus in participating contract.

Fifth. If the contract is participating, a provision that the divisible surplus shall be apportioned annually and dividends shall be payable in cash or shall be applicable to any stipulated payment or payments to the company under the contract.

Lapsed policy.

Sixth. A provision that if the contract after having been in force for three full years, shall, by its terms, lapse or become forfeited because any stipulated payment to the company shall not have been made, the reserve on such contract, computed according to the standard adopted by said company in accordance with this chapter, shall, after deducting one fifth of the said entire reserve, and any indebtedness to the company under the contract, be applied as a net single payment, according to said standard, for the purchase of a paid-up annuity or pure endowment contract, which may be non-participating and which shall be payable by the company under the same terms and conditions, except as to amount, as the original contract. A company may provide, in lieu of such paid-up values, for a paid-up annuity or pure endowment contract in an amount bearing the same proportion to the original annuity or pure endowment contract as the number of stipulated payments which shall

Application of reserve.

Contracts in lieu of paid-up values.

have been made to the company shall bear to the total number of stipulated payments required to be made to the company under the contract, and if there be any indebtedness to the company under the contract, the amount of such paid-up annuity or pure endowment shall be reduced by an amount bearing the same proportion to such paid-up annuity or pure endowment as such indebtedness bears to the reserve on such paid-up annuity or pure endowment, computed according to the standard adopted by said company in accordance with this chapter.

Seventh. A provision that the contract may be reinstated at any time within one year from the date of default in making stipulated payments to the company, provided that all overdue stipulated payments and any indebtedness to the company on the contract shall be made or paid, with interest thereon at a rate to be specified in the contract but not exceeding 6 per centum per annum, payable annually. In cases where applicable a company may also include a requirement of evidence of insurability satisfactory to the company.

Reinstatement, defaulted contract.

No contract for a reversionary annuity shall be so issued or delivered unless it contains in substance the following provisions:

Contracts for reversionary annuity.

A. Provisions "First", "Second", "Third", and "Fifth", of this section, except that under provision "First", the company may, at its option, provide for an equitable reduction of the amount of the annuity payments in settlement of any overdue or deferred payments, in lieu of providing for a deduction of such payments from any amount payable upon a settlement under the contract.

Provisions applicable.

B. A provision that, if the age of any of the persons upon whose lives the contract is based has been misstated, the amount payable under the contract shall be such as the stipulated payments to the company would have purchased at the correct ages.

Misstatement of age.

C. A provision that the contract may be reinstated at any time within three years from the date of default in making stipulated payments to the company, upon production of evidence of insurability satisfactory to the company, provided that all overdue payments and any indebtedness to the company on the contract shall be made or paid, with interest thereon at a rate to be specified in the contract, but not exceeding 6 per centum per annum, payable annually.

Reinstatement, defaulted contract.

Any of the foregoing provisions or portions thereof not applicable to nonparticipating contracts nor to contracts for which a single stipulated payment to the company is made, shall, to that extent, not be incorporated therein; and any such contract may be issued or delivered in this District, which, in the opinion of the Superintendent, contains provisions on any one or more of the several foregoing requirements, more favorable to the holder of the contract than hereinbefore required.

Provisions not applicable to nonparticipating contracts.

Nothing herein contained shall be construed to prevent a life company, which issues life insurance on a participating basis, from issuing annuities, reversionary annuities, or pure endowments on a nonparticipating basis.

Any such contract or any application, endorsement, or rider form used in connection therewith, issued in violation of this section, shall, nevertheless, be held valid, but shall be construed as provided in this section and when any provision in such contract, application, endorsement, or rider is in conflict with any provision of this section or with any other statutory provision, the rights, duties, and obligations of the company, of the holder of the contract and of the beneficiary or annuitant thereunder, shall be governed by the provisions of this section.

Construction of contract violating provisions hereof.

Nonapplicability of provisions.

The provisions of this section shall not apply to contracts of reinsurance nor to contracts for deferred annuities or reversionary annuities included in life insurance policies.

Forms deemed part of contract.

For the purposes of this section, application forms, rider forms, and endorsement forms for use in connection with any such contract, excepting riders or endorsements relating to the manner of distribution of benefits or to the reservation of rights and benefits under any such contract, and used at the request of the individual holders of such contracts, shall be deemed to be parts of such contract and shall require the approval of the Superintendent. No rider and no endorsement, except as stated above, shall be attached to or printed or stamped upon any such contract issued or delivered in the District until the form of such rider or endorsement has been filed with the Superintendent and formally approved by him.

Approval required.

Life premiums, extension of time for payment.

SEC. 6. EXTENSION OF TIME FOR PAYMENT OF LIFE PREMIUMS.—A life company may enter into subsequent agreements in writing with the insured, which need not be attached to the policy, to extend the time for the payment of any premium, or part thereof, upon condition that failure to comply with the terms of such agreement shall lapse the policy, as provided in said agreement or in the policy. Subject to such lien as may be created to secure any indebtedness contracted by the insured, in consideration of such extension, said agreement shall not impair any right existing under the policy.

Interest on policy and premium loans.

SEC. 7. INTEREST ON POLICY AND PREMIUM LOANS MAY BE ADDED TO PRINCIPAL.—In ascertaining the indebtedness due upon policy or premium loans the interest, if not paid when due, shall be added to the principal of such loans and shall bear interest at the rate specified in the note or loan agreement.

Life policy forms, filing with Superintendent.

SEC. 8. LIFE-POLICY FORMS TO BE FILED WITH SUPERINTENDENT.—A policy of life insurance shall not be issued or delivered in the District until the form of the same has been filed with the Superintendent, nor if the Superintendent give written notice, within thirty days of such filing to the company proposing to issue it, showing wherein the form of such policy does not comply with the requirements of the laws of the District, provided that such action of the Superintendent shall be subject to review by a court of competent jurisdiction.

Provisions required by the laws of a company's own state, inclusion in policies.

SEC. 9. PROVISIONS REQUIRED BY THE LAWS OF A COMPANY'S OWN STATE MAY BE INCLUDED IN POLICIES.—The policies of a life company, not organized under the laws of the District, may contain any provisions prescribed by the laws of the State, Territory, District, or country, under which the company is organized. The policies of a life company, organized under the laws of the District, may, when issued or delivered in any State, Territory, District, or country, contain any provisions required by the laws of the State, Territory, District, or country in which the same are issued or delivered, anything in this Act to the contrary notwithstanding.

Group life insurance defined.

SEC. 10. DEFINITION OF GROUP LIFE INSURANCE.—Group life insurance is hereby declared to be that form of life insurance covering not less than twenty-five employees, with or without medical examination, written under a policy issued to the employer, the premium on which is to be paid by the employer, or by the employer and employees jointly, and insuring only all of his employees, or all of any class or classes thereof determined by conditions pertaining to the employment, for amounts of insurance based upon some plan which will preclude individual selection, for the benefit of persons other than the employer: *Provided, however,* That when the premium is to be paid by the employer and employee jointly and the benefits of the policy are offered to all eligible employees, not less

Proviso.
Percentage to be insured.

than 75 per centum of such employees may be so insured. Such group policy may provide that the term "employees" shall include the officers, managers, and employees of subsidiary or affiliated corporations, and the individual proprietors, partners, and employees of affiliated individuals and firms, when the business of such subsidiary or affiliated corporations, firms, or individuals is controlled by the common employer through stock ownership, contract, or otherwise.

"Employees"; who may be included.

The following forms of life insurance are hereby declared to be group life insurance within the meaning of this chapter: (a) Life insurance covering the members of one or more companies, batteries, troops, or other units of the National Guard, of any State or the District, written under a policy issued to the commanding general of the National Guard, who shall be deemed to be the employer for the purposes of this chapter, the premium on which is to be paid by the members of such units for the benefits of persons other than the employer: *Provided, however,* That when the benefits of the policy are offered to all eligible members of a unit of the National Guard, not less than 75 per centum of the members of such a unit may be so insured; (b) life insurance covering the members of one or more troops or other units of the State troopers or State police of any State, written under a policy issued to the commanding officer of the State troopers or State police, who shall be deemed to be the employer for the purpose of this chapter, the premium on which is to be paid by the members of such units for the benefit of persons other than the employer: *Provided, however,* That when the benefits of the policy are offered to all eligible members of a unit of the State troopers or State police not less than 75 per centum of the members of such unit may be so insured; (c) life insurance covering not less than fifty employees of the government of the District or of the Federal Government, with or without medical examination, written under a policy issued to the President of the Board of Commissioners, or to the head of any Federal department or independent Federal bureau, board, commission, or other Federal independent establishment, or to an association of Federal employees, as the case may be, the premium on which is to be paid by the employees and insuring only employees, or any class or classes thereof determined by conditions pertaining to the employment, for amounts of insurance based upon some plan which will preclude individual selection, for the benefit of persons other than the employer: *Provided,* That when the benefits of the policy are offered to all eligible employees, not less than 75 per centum of such employees may be so insured; (d) life insurance covering the members of any labor union, written under a policy issued to such union, which shall be deemed to be the employer for the purposes of this chapter, the premium on which is to be paid by the union or by the union and its members jointly, and insuring only all of its members who are actively engaged in the same occupation, for amounts of insurance based upon some plan which will preclude individual selection, for the benefit of persons other than the union or its officials: *Provided, however,* That when the premium is to be paid by the union and its members jointly and the benefits are offered to all eligible members, not less than 75 per centum of such members may be so insured: *Provided further,* That when members apply and pay for additional amounts of insurance, a smaller percentage of members may be insured for such additional amounts, if they pass satisfactory medical examinations.

Forms of life insurance declared to be group life insurance. National Guard units.

State troopers or police.

Federal and District government employees.

Members of labor union.

SEC. 11. STANDARD PROVISIONS FOR POLICIES OF GROUP LIFE INSURANCE.—No policy of group life insurance shall be issued or delivered in the District, unless and until a copy of the form thereof has been

Standard provisions, group life insurance.

filed with the Superintendent and formally approved by him; nor shall a policy be so issued or delivered unless it contains, in substance, the following provisions:

Incontestability.

1. A provision that the policy shall be incontestable after two years from its date of issue, except for nonpayment of premiums and except for violation of the conditions of the policy relating to military or naval service in time of war.

Policy to constitute entire contract.

2. A provision that the policy, the application of the employer, and the individual applications, if any, of the employees insured, shall constitute the entire contract between the parties, and that all statements made by the employer or by the individual employees shall, in the absence of fraud, be deemed representations and not warranties, and that no such statement shall be used in defense to a claim under the policy, unless it is contained in a written application, but a copy of such written application need not be attached to the policy.

Misstatement of age.

3. A provision for the equitable adjustment of the premium or the amount of insurance payable in the event of a misstatement of the age of an employee.

Issue of individual certificate.

4. A provision that the company will issue to the employer for delivery to the employee, whose life is insured under such policy, an individual certificate setting forth a statement as to the insurance protection to which he is entitled, to whom payable, together with provisions to the effect that in case of the termination of the employment, for any reason whatsoever, the employee shall be entitled to have issued to him by the company, without evidence of insurability, and upon application made to the company, within thirty-one days after such termination, and upon the payment of the premium applicable to the class of risk to which he belongs, and to the form and amount of the policy, at his then attained age, a policy of life insurance in any one of the forms customarily issued by the company, except term insurance, in an amount equal to the amount of his protection under such group-insurance policy at the time of such termination.

New policy upon termination of employment.

Addition of new employees.

5. A provision that to the group or class thereof originally insured shall be added, from time to time, all new employees of the employer eligible to insurance in such group or class.

Except as provided in this chapter it shall be unlawful to make a contract of life insurance covering a group in the District.

Provisions in policy required by State, under laws of which company organized.

Policies of group life insurance, when issued in the District by any company not organized under the laws of the District may contain, when issued, any provision required by the law of the State or Territory or District of the United States under which the company is organized; and policies issued in the several States or countries, by companies organized in the District, may contain any provision required by the laws of the District, Territory, State, or country in which the same are issued, anything in this section to the contrary notwithstanding. Any such policy may be issued or delivered in the District which, in the opinion of the Superintendent, contains provisions on any one or more of the several foregoing requirements more favorable to the employer or to the employee than hereinbefore required.

Standard provisions for accident and health policies.

SEC. 12. STANDARD PROVISIONS FOR ACCIDENT AND HEALTH POLICIES.—

(a) On and after the 1st day of January next following the passage and approval of this Act no policy of insurance against loss or damage from sickness, or bodily injury or death of the insured by accident, shall be issued or delivered to any person in the District by any company organized under this, or any other law of the District,

or, if a foreign company, authorized to do business in the District, until a copy of the form thereof, and of the classification of risks and the premium rates appertaining thereto, have been filed with the Superintendent; nor shall it be so issued or delivered until the expiration of thirty days after it has been so filed, unless the Superintendent shall sooner give his written approval thereto. If the Superintendent shall give written notice to the company which has filed such form that it does not comply with the requirements of law, specifying the reasons for his opinion, it shall be unlawful thereafter for any such insurer to issue any policy in such form. The action of the Superintendent in this regard shall be subject to appeal and review in the form and manner prescribed in section 28.

Form, classification of risks, etc., to be filed with Superintendent.

(b) No such policy shall be so issued or delivered (1) unless the entire money and other considerations therefor are expressed in the policy; nor (2) unless the time at which the insurance thereunder takes effect and terminates is stated in a portion of the policy preceding its execution by the company; nor (3) if the policy purports to insure more than one person; (4) nor unless every printed portion thereof and of any indorsement or attached papers shall be plainly printed in type of which the face shall not be smaller than ten point; nor (5) unless a brief description thereof be printed on its first page and on its filing back in type of which the face shall not be smaller than fourteen point; nor (6) unless the exceptions of the policy be printed with the same prominence as the benefits to which they apply: *Provided*, That any portion of such policy which purports, by reason of the circumstances under which a loss is incurred, to reduce any indemnity promised therein to an amount less than that provided for the same loss occurring under ordinary circumstances shall be printed in bold-face type and with greater prominence than any other portion of the text of the policy.

Mandatory provisions.

Proviso.
Printing requirement, reduction of indemnity.

(c) Every such policy so issued shall contain certain standard provisions, which shall be in the words and in the order hereinafter set forth and be preceded in every policy by the caption "Standard provisions." In each standard provision wherever the word "company" is used there shall be substituted therefor "company" or "corporation" or "association" or "society" or such other word as will properly designate the company. Said standard provisions shall be:

Standard provisions.

Terms.

(1) A standard provision relative to the contract, which may be in either of the following two forms: Form (A) to be used in policies which do not provide for reduction of indemnity on account of change of occupation, and form (B) to be used in policies which do so provide. If form (B) is used and the policy provides indemnity against loss from sickness, the words "or contracts sickness" may be inserted therein immediately after the words "in the event that the insured is injured":

Forms.

(A) 1. This policy includes the indorsements and attached papers, if any, and contains the entire contract of insurance. No reduction shall be made in any indemnity herein provided by reason of change in the occupation of the insured or by reason of his doing any act or thing pertaining to any other occupation.

Form A.

(B) 1. This policy includes the endorsements and attached papers, if any, and contains the entire contract of insurance except as it may be modified by the company's classification of risks and premium rates in the event that the insured is injured after having changed his occupation to one classified by the company as more hazardous than that stated in the policy, or while he is doing any act or thing pertaining to any occupation so classified, except ordinary duties about his residence or while engaged in recreation, in which event

Form B.

the company will pay only such portion of the indemnities provided in the policy as the premium paid would have purchased at the rate but within the limits so fixed by the company for such more hazardous occupation.

State laws requiring statement of premium rates and classification of risks.

If the law of the State, in which the insured resides at the time this policy is issued, requires that prior to its issue a statement of the premium rates and classification of risks pertaining to it shall be filed with the State official having supervision of insurance in such State, then the premium rates and classification of risks mentioned in this policy shall mean only such as have been last filed by the company in accordance with such law, but if such filing is not required by such law then they shall mean the company's premium rates and classification of risks last made effective by it in such State prior to the occurrence of the loss for which the company is liable.

Change in contract.

(2) A standard provision relative to changes in the contract, which shall be in the following form:

2. No statement made by the applicant for insurance, not included herein, shall avoid the policy or be used in any legal proceeding hereunder. No agent has authority to change this policy or to waive any of its provisions. No change in this policy shall be valid unless approved by an executive officer of the company and such approval be endorsed hereon.

Reinstatement.

(3) A standard provision relative to reinstatement of policy after lapse which may be in either of the three following forms: Form (A) to be used in policies which insure only against loss from accident; form (B) to be used in policies which insure only against loss from sickness; and form (C) to be used in policies which insure against loss from both accident and sickness.

Acceptance of premium after default.

(A) 3. If default be made in the payment of the agreed premium for this policy, the subsequent acceptance of a premium by the company or by any of its duly authorized agents, shall reinstate the policy, but only to cover loss resulting from accidental injury thereafter sustained.

(B) 3. If default be made in the payment of the agreed premium for this policy, the subsequent acceptance of a premium by the company or by any of its duly authorized agents shall reinstate the policy but only to cover such sickness as may begin more than ten days after the date of such acceptance.

(C) 3. If default be made in the payment of the agreed premium for this policy, the subsequent acceptance of a premium by the company or by any of its duly authorized agents shall reinstate the policy but only to cover accidental injury thereafter sustained and such sickness as may begin more than ten days after the date of such acceptance.

Time of notice of claim.

(4) A standard provision relative to time of notice of claim, which may be in either of the three following forms: Form (A) to be used in policies which insure only against loss from accident; form (B) to be used in policies which insure only against loss from sickness; and form (C) to be used in policies which insure against loss from both accident and sickness. If form (A) or form (C) is used the company may at its option add thereto the following sentence: "In event of accidental death immediate notice thereof must be given to the company."

(A) 4. Written notice of injury on which claim may be based must be given to the company within twenty days after the date of the accident causing such injury.

(B) 4. Written notice of sickness on which claim may be based must be given to the company within ten days after the commencement of the disability from such sickness.

(C) 4. Written notice of injury or of sickness on which claim may be based must be given to the company within twenty days after the date of the accident causing such injury or within ten days after the commencement of disability from such sickness.

(5) A standard provision relative to sufficiency of notice of claim which shall be in the following form and in which the company shall insert in the blank space such office and its location as it may desire to designate for such purpose of notice:

Sufficiency of notice of claim.

5. Such notice given by, or in behalf of the insured or beneficiary as the case may be, to the company at _____, or

(Full address)

to any authorized agent of the company, with particulars sufficient to identify the insured, shall be deemed to be notice to the company. Failure to give notice, within the time provided in this policy, shall not invalidate any claim if it shall be shown not to have been reasonably possible to give such notice and that notice was given as soon as was reasonably possible.

(6) A standard provision relative to furnishing forms for the convenience of the insured in submitting proof of loss as follows:

Forms in submitting proof of loss.

6. The company, upon receipt of such notice, will furnish to the claimant such forms as are usually furnished by it for filing proofs of loss. If such forms are not so furnished within fifteen days after receipt of such notice, the claimant shall be deemed to have complied with the requirements of this policy, as to proof of loss, upon submitting within the time fixed in the policy for filing proofs of loss, written proof covering the occurrence, character, and extent of the loss for which claim is made.

(7) A standard provision relative to filing proof of loss which shall be in such one of the following forms as may be appropriate to the indemnities provided:

Filing proof of loss.

(A) 7. Affirmative proof of loss must be furnished to the company at its said office within ninety days after the date of the loss for which claim is made.

(B) 7. Affirmative proof of loss must be furnished to the company at its said office within ninety days after the termination of the period of disability for which the company is liable.

(C) 7. Affirmative proof of loss must be furnished to the company at its said office in case of claim for loss of time from disability within ninety days after the termination of the period for which the company is liable, and in case of claim for any other loss, within ninety days after date of such loss.

(8) A standard provision relative to examination of the person of the insured and relative to autopsy which shall be in the following form:

8. The company shall have the right and opportunity to examine the person of the insured, when and so often as it may reasonably require during the pendency of claim hereunder; and also the right and opportunity, in the case of death, to have autopsy performed, where it is not forbidden by law.

Examination of insured; autopsy.

(9) A standard provision relative to the time within which payments other than those for loss of time on account of disability shall be made, which provision may be in either of the following two forms and which may be omitted from any policy providing only indemnity for loss of time on account of disability. The company shall insert in the blank space either the word "immediately" or appropriate language to designate such period of time, not more than sixty days, as it may desire, form (A) to be used in policies which do not provide indemnity for loss of time on account of disability and form (B) to be used in policies which do so provide.

Payments.

(A) 9. All indemnities provided in this policy will be paid
----- after receipt of due proof.

(B) 9. All indemnities provided in this policy for loss other than
that of time on account of disability will be paid -----
(Indicate time)
after receipt of due proof.

Periodical payments
of indemnity on ac-
count of disability.

(10) A standard provision relative to periodical payments of
indemnity for loss of time on account of disability, which provisions
shall be in the following form, and which may be omitted from any
policy not providing for such indemnity. The company shall insert,
in the first blank space of the form, appropriate language to desig-
nate the proportion of accrued indemnity it may desire to pay, which
proportion may be all or any part not less than one half; and in the
second blank space shall insert any period of time not exceeding
sixty days.

10. Upon request of the insured and subject to due proof of loss
----- accrued indemnity for loss of time on
(within time to be inserted)
account of disability will be paid at the expiration of each
----- during the continuance of the period
(insert time)

for which the company is liable, and any balance remaining unpaid
at the termination of such period will be paid immediately upon
receipt of due proof.

Indemnity payments
to beneficiary.

(11) A standard provision relative to indemnity payments which
may be in either of the two following forms: Form (A) to be used
in policies which designate a beneficiary and form (B) to be used in
policies which do not designate any beneficiary other than the
insured.

(A) 11. Indemnity for loss of life of the insured is payable to the
beneficiary if surviving the insured, and otherwise to the estate of
the insured. All other indemnities of this policy are payable to
the insured.

(B) 11. All the indemnities of this policy are payable to the
insured.

Cancellation of policy
at instance of insured.

(12) A standard provision providing for cancellation of the policy
at the instance of the insured which shall be in the following form:

12. If the insured shall at any time change his occupation to one
classified by the company as less hazardous than that stated in the
policy, the company, upon written request of the insured and sur-
render of the policy, will cancel the same and will return to the
insured the unearned premium.

Rights of beneficiary.

(13) A standard provision relative to the rights of the beneficiary
under the policy which shall be in the following form and which
may be omitted from any policy not designating a beneficiary.

13. Consent of the beneficiary shall not be requisite to surrender
or assignment of this policy, or to change of beneficiary, or to any
other changes in the policy.

Time within which
suit may be brought.

(14) A standard provision limiting the time within which suit
may be brought upon the policy as follows:

14. No action at law or in equity shall be brought to recover on
this policy prior to the expiration of sixty days after proof of loss
has been filed in accordance with the requirements of this policy, nor
shall such action be brought at all unless brought within two years
from the expiration of the time within which proof of loss is required
by the policy.

(15) A standard provision relative to time limitations of the policy as follows:

15. If any time limitation of this policy, with respect to giving notice of claim or furnishing proof of loss, is less than that permitted by the law of the State in which the insured resides at the time this policy is issued, such limitation is hereby extended to agree with the minimum period permitted by such law.

Limitation of policy

(d) No such policy shall be so issued or delivered which contains any provision (1) relative to cancelation at the instance of the company; or (2) limiting the amount of indemnity to a sum less than the amount stated in the policy and for which the premium has been paid; or (3) providing for the deduction of any premium from the amount paid in settlement of claim; or (4) relative to other insurance by the same company; or (5) relative to the age limits of the policy; unless such provisions, which are hereby designated as optional standard provisions, shall be in the words and in the order in which they are hereinafter set forth, but the company may at its option omit from the policy any such optional standard provision. Such optional standard provisions if inserted in the policy shall immediately succeed the standard provisions named in subdivision (c) of this section.

(1) An optional standard provision relative to cancelation of the policy at the instance of the company as follows:

Cancelation of policy at instance of company.

16. The company may cancel this policy at any time by written notice delivered to the insured or mailed to his last address, as shown by the records of the company, together with cash or the company's check for the unearned portion of the premiums actually paid by the insured, and such cancelation shall be without prejudice to any claim originating prior thereto.

(2) An optional standard provision relative to reduction of the amount of indemnity to a sum less than that stated in the policy as follows:

Reduction of amount of indemnity.

17. If the insured shall carry with another company, corporation, association, or society other insurance covering the same loss without giving written notice to the company, then in that case the company shall be liable only for such portion of the indemnity promised as the said indemnity bears to the total amount of like indemnity in all policies covering such loss, and for the return of such part of the premium paid as shall exceed the pro rata for the indemnity thus determined.

(3) An optional standard provision relative to deduction of premium upon settlement of claim as follows:

Deduction of premium upon settlement.

(18) Upon the payment of claim hereunder any premium then due and unpaid or covered by any note or written order may be deducted therefrom.

(4) An optional standard provision relative to other insurance by the same company which shall be in such one of the following forms as may be appropriate to the indemnities provided, and in the blank space of which the company shall insert such upward limits of indemnity as are specified by the company's classification of risks, filed as required by this section.

Other insurance by same company.

(A) 19. If a like policy or policies, previously issued by the company to the insured, be in force concurrently herewith, making the aggregate indemnity in excess of \$_____, the excess insurance shall be void and all premiums paid for such excess shall be returned to the insured.

(Amount to be inserted)

(B) 19. If a like policy or policies, previously issued by the company to the insured, be in force concurrently herewith, making the

aggregate indemnity for loss of time on account of disability in excess of \$----- weekly, the excess insurance shall be void and all

(Amount to be inserted)

premiums paid for such excess shall be returned to the insured.

(C) 19. If a like policy or policies, previously issued by the company to the insured, be in force concurrently herewith, making the aggregate indemnity for loss other than that of time on account of disability in excess of \$----- or the aggregate indemnity

(Amount to be inserted)

for loss of time on account of disability in excess of \$-----

(Amount to be inserted)

weekly, the excess insurance of either kind shall be void and all premiums paid for such excess shall be returned to the insured.

Age limits of policy.

(5) An optional standard provision relative to the age limits of the policy which shall be in the following form and in the blank spaces of which the company shall insert such numbers of years as it may elect.

20. The insurance under this policy shall not cover any person under the age of ----- years nor over the age of ----- years. Any premium paid to the company for any period not covered by this policy will be returned upon request.

Policy containing contradictory, etc., provisions, issue prohibited.

(e) No such policy shall be so issued or delivered if it contains any provision contradictory, in whole or in part, of any of the provisions hereinbefore in this section designated as "standard provisions" or as "optional standard provisions"; nor shall any endorsements or attached papers vary, alter, extend, be used as a substitute for, or in any way conflict with any of the said "standard provisions" or the said "optional standard provisions"; nor shall such policy be so issued or delivered if it contains any provision purporting to make any portion of the charter, constitution, or bylaws of the company a part of the policy unless such portion of the charter, constitution, or bylaws shall be set forth in full in the policy, but this prohibition shall not be deemed to apply to any statement of rates or classification of risks filed with the Superintendent in accordance with the provisions of this section.

False statement in application.

(f) The falsity of any statement in the application for any policy covered by this section shall not bar the right to recovery thereunder unless such false statement was made with actual intent to deceive or unless it materially affected either the acceptance of the risk or the hazard assumed by the company.

Rights of company in defense of claim not waived by acknowledgements, etc.

(g) The acknowledgment by a company of the receipt of notice given under any policy covered by this section, or the furnishing of forms for filing proofs of loss, or the acceptance of such proofs, or the investigation of any claim thereunder shall not operate as a waiver of any of the rights of the company in defense of any claim arising under such policy.

Alterations in written application.

(h) No alteration of any written application for insurance by erasure, insertion, or otherwise shall be made by any person other than the applicant without his written consent, and the making of any such alteration without the consent of the applicant shall be a misdemeanor. If such alteration shall be made by any officer of the company, or by any employee of the company with the company's knowledge or consent, then such act shall be deemed to have been performed by the company thereafter issuing the policy upon such altered application.

Construction of policy issued in violation of section.

(i) A policy issued in violation of this section shall be held valid but shall be construed as provided in this section and when any provision in such a policy is in conflict with any provision of this section the rights, duties, and obligations of the company, the policy-

holder, and the beneficiary shall be governed by the provisions of this section.

(j) The policies of insurance against accidental bodily injury or sickness issued by a company not organized under the laws of the District may contain, when issued in the District, any provision which the law of the State, Territory, or District of the United States under which the company is organized prescribes for insertion in such policies, and the policies of insurance against accidental bodily injury or sickness issued by a company organized under the laws of the District may contain, when issued or delivered in any other State, Territory, District, or country, any provision required by the laws of the State, Territory, District, or country in which the same are issued, anything in this section to the contrary notwithstanding.

Provisions of State laws, etc., may be included in policy.

(k) (1) Nothing in this section, however, shall apply to or affect any policy of liability or workmen's compensation insurance or any general or blanket policy of insurance issued to any municipal corporation or department thereof, or to any employer, whether a corporation, copartnership, association, or individual or to any police or fire department, underwriters corps, salvage bureau, or to any association of fifty or more members having a constitution or bylaws and formed in good faith for purposes other than that of obtaining insurance, where not less than 75 per centum of the members or employees are insured for their individual benefit against specified accidental bodily injuries or sickness while exposed to the hazards of the occupation or otherwise in consideration of a premium intended to cover the risks of all the persons insured under such policy.

Policy to which section not applicable.

(2) Nothing in this section shall apply to or in any way affect contracts supplemental to contracts of life or endowment insurance where such supplemental contracts contain no provisions except such as operate to safeguard such insurance against lapse or to provide a special surrender value therefor in the event that the insured shall be totally and permanently disabled by reason of accidental bodily injury or by sickness: *Provided*, That no such supplemental contract shall be issued or delivered to any person in the District unless and until a copy of the form thereof has been submitted to and approved by the Superintendent under such reasonable rules and regulations as he shall make concerning the provisions in such contracts and their submission to and approval by him.

Supplemental contracts.

Proviso.
Approval of form.

(3) The provisions of this section contained in clause (5) of subdivision (b) and clauses (2), (3), and (12) of subdivision (c) may be omitted from railroad-ticket policies sold only at railroad stations, or at railroad ticket offices by railroad employees.

Railroad ticket policies.

(1) Any company, or other insurer, or any officer or agent thereof, which or who issues or delivers to any person in the District any policy in violation of the provisions of this section, shall be punished, upon conviction, by a fine of not more than \$500 for each offense, and the Superintendent may revoke the certificate of authority of any company, corporation, association, society, or other insurer of any State or country, or the license of the agent thereof, which or who violates any provisions of this section.

Penalty provisions.

(m) The term "indemnity", as used in this section, means benefits promised.

"Indemnity," construed.

SEC. 13. STOCK OPERATIONS AND ADVISORY BOARD CONTRACTS PROHIBITED.—No life company doing business in the District shall issue in the District, nor permit its general agents, agents, officers, solicitors or employees to issue or deliver in the District, agency company stock or other capital stock, or benefit certificates or shares in any

Stock operations and advisory board contracts, prohibited.

common-law corporation, or securities or any special or advisory board or other contracts of any kind promising returns and profits as an inducement to insure; and no life company shall be authorized to do business in the District which issues or permits its general agents, agents, officers, solicitors or employees to issue in the District or in any State or Territory agency company stock or other capital stock, or benefit certificates or shares in any common-law corporations, or securities or any special advisory board or other contracts of any kind promising returns and profits as an inducement to insurance; and no corporation or stock company acting as agent of a life company nor any of its general agents, agents, officers, solicitors, or employees shall be permitted to sell, agree, or offer to sell, or give or offer to give, directly or indirectly, in any manner whatsoever, any share of stock, securities, bonds, or agreement of any form or nature promising returns and profits as an inducement to insurance or in connection therewith. It shall be the duty of the Superintendent, upon due proof after notice and hearing that any such company or agent thereof has violated any of the provisions of this section, to revoke the authority of the company or agent so offending: *Provided, however,* That the action of the Superintendent in this regard shall be subject to appeal and review in the form and manner prescribed in section 28.

Proviso.
Appeals.

Misrepresentations
prohibited.

SEC. 14. MISREPRESENTATIONS PROHIBITED.—No life company doing business in the District, and no officer, director, general agent, agent, or solicitor thereof, broker or any other person shall make, issue, or circulate, or cause to be issued or circulated, any estimate, illustration, circular, or statement of any sort misrepresenting the terms of any policy issued or to be issued by it or the benefits or advantages promised thereby, or the dividends or shares of the surplus to be received thereon, or shall use any name or title of any policy or class of policies misrepresenting the true nature thereof. Nor shall any such corporation or officer, director, general agent, agent, or solicitor thereof, broker or any other person, firm, association, or corporation make any misrepresentation to any person insured in any company for the purpose of inducing or tending to induce a policyholder in any company to lapse, forfeit, or surrender his insurance. It shall be the duty of the Superintendent, upon due proof after notice and hearing that any such company or agent thereof has violated any of the provisions of this section, to revoke the authority of the company or agent so offending: *Provided, however,* That the action of the Superintendent in this regard shall be subject to appeal and review in the form and manner prescribed in section 28.

Proviso.
Appeals.

Discriminations pro-
hibited.

SEC. 15. DISCRIMINATIONS PROHIBITED.—No life insurance corporation doing business in the District shall make or permit any discriminations between individuals of the same class or of equal expectation of life, in the amount of payment or return of premiums or rates charged for policies of insurance, including endowment policies and annuity contracts, or in the dividends or other benefits payable thereon, or in any of the terms or conditions of the policy; nor shall any such company permit or agent thereof offer to make any contract of insurance, endowment policy, or annuity contract, or agreement as to such contracts other than as plainly expressed in the policy issued thereon, nor shall any such company or officer, agent, solicitor, or representative thereof pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as inducement to any person to insure, or give, sell, or purchase, or offer to give, sell, or purchase as such inducement or in connection with such insurance, endowment policy, or annuity contract, any stocks, bonds or other securities of any insurance company or other corporation, association or partner-

ship, or any dividends or profit accruing thereon, or any valuable consideration or inducement whatever not specified in the policy, nor shall any person knowingly receive any such inducement, any rebate of premium, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any paid employment or contract for services of any kind or any valuable consideration or inducement whatever, not specified in the policy. No person shall be excused from attending and testifying and producing any books, papers, or other documents before any court or magistrate, upon any investigation, proceeding, or trial for a violation of any of the provisions of this section, upon the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to convict him of a crime or subject him to a penalty or forfeiture; but no person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter or thing concerning which he may so testify or produce evidence, documentary or otherwise, and no testimony so given or produced shall be received against him upon any criminal investigation or proceeding. Nothing in this section shall be so construed as to forbid a company, transacting industrial life insurance, from returning to policyholders, who have made premium payments for a period of at least one year, directly to the company at its home or distant offices, a percentage of such a premium which the company would have paid for the collection thereof.

SEC. 16. RIGHTS OF CREDITORS AND BENEFICIARIES UNDER POLICIES OF LIFE INSURANCE.—When a policy of insurance, whether heretofore or hereafter issued, is effected by any person on his own life or on another life in favor of some person other than himself having an insurable interest therein, or, except in cases of transfer with intent to defraud creditors, if a policy of life insurance is assigned or in any way made payable to any such person, the lawful beneficiary or assignee thereof other than the insured or the person so effecting such insurance, or his executors or administrators, shall be entitled to its proceeds and avail against the creditors and representatives of the insured and of the person effecting such insurance whether or not the right to change the beneficiary is reserved or permitted and whether or not the policy is made payable to the person whose life is insured, if the beneficiary or assignee shall predecease such person: *Provided*, That subject to the statute of limitations the amount of any premiums for said insurance paid with intent to defraud creditors, with interest thereon, shall inure to their benefit from the proceeds of the policy, but the company issuing the policy shall be discharged of all liability thereon by payment of its proceeds in accordance with its terms, unless before such payment the company shall have written notice by or in behalf of a creditor of a claim to recover for transfer made or premiums paid with intent to defraud creditors with specifications of the amount claimed.

Rights of creditors and beneficiaries under policies of life insurance.

Proviso.
Payment of premiums to defraud creditors.

SEC. 16 (a) EXEMPTION OF DISABILITY INSURANCE FROM EXECUTION.—No money or other benefit paid, provided, allowed, or agreed to be paid by any company on account of the disability from injury or sickness of any insured person shall be liable to execution, attachment, garnishment, or other process, or to be seized, taken, appropriated or applied by any legal or equitable process or operation of law, to pay any debt or liability of such insured person whether such debt or liability was incurred before or after the commencement of such disability, but the provisions of this section shall not affect the assignability of any such disability benefit otherwise assignable, nor shall this section apply to any money income disability benefit in an action to recover for necessities contracted for

Exemption of disability insurance from execution.

after the commencement of the disability covered by the disability clause or contract allowing such money income benefit.

Of group life insurance.

SEC. 17. EXEMPTION OF GROUP LIFE-INSURANCE POLICIES FROM EXECUTION.—No policy of group life insurance, nor the proceeds thereof when paid to any employee or employees thereunder, shall be liable to attachment, garnishment, or other process, or to be seized, taken, appropriated, or applied by any legal or equitable process or operation of law, to pay any debt or liability of such employee, or his beneficiary, or any other person who may have a right thereunder, either before or after payment; nor shall the proceeds thereof, when not made payable to a named beneficiary, constitute a part of the estate of the employee for the payment of his debts.

False statements.

SEC. 18. FALSE STATEMENTS.—Any agent, broker, examining physician, or other person who shall knowingly or willfully make any false or fraudulent statement or representation in or with reference to any application for life insurance, or who shall make any such statement for the purpose of obtaining any fee, commission, money, or benefit from or in any company transacting business under this Act shall be guilty of a misdemeanor.

Proceeds of certain policies to be held in trust by company.

SEC. 19. PROCEEDS OF CERTAIN POLICIES TO BE HELD IN TRUST BY LIFE COMPANY.—Any life company licensed under the laws of the District shall have power to hold the proceeds of any policy issued by it under a trust or other agreement upon such terms and restrictions as to revocation by the policyholder and control by beneficiaries and with such exemptions from the claims of creditors or beneficiaries other than the policyholder as shall have been agreed to in writing by such company and the policyholder. Such insurance company shall not be required to segregate funds so held, but may hold them as a part of its general corporate assets.

When actual premium for life policy is less than net premium.

SEC. 20.—WHEN ACTUAL PREMIUM FOR LIFE POLICY IS LESS THAN NET PREMIUM.—When the actual premium charged for an insurance policy by any company is less than the net premium on the basis adopted by the company for the valuation of such policy under chapter V, section 1 of this Act, such company shall be charged as a separate liability with a deficiency reserve equal to the total present value of the future deficiencies in the actual premium calculated according to the table of mortality and rate of interest employed by the company for the valuation of such policy.

Penalties; Constitutionality.

CHAPTER VI—PENALTIES; CONSTITUTIONALITY

Sec. 1. Penalties; constitutionality.

Sec. 2. Testimony; production of books.

Sec. 3. Constitutionality.

Sec. 4. Repeals.

Sec. 5. Effective date of act.

Penalty provisions.

SECTION 1. PENALTIES; CONSTITUTIONALITY.—Any person, partnership, or company who violates any of the provisions of this Act, or fails to comply with any duty imposed upon him or it by any provision of this Act, for which violation or failure no penalty is elsewhere provided by the laws of the District, shall be fined not exceeding \$500 for each and every violation.

Testimony; production of books.

SEC. 2. TESTIMONY; PRODUCTION OF BOOKS.—No person shall be excused from testifying or from producing books, accounts, and papers in any proceeding based upon or growing out of any violation of the provisions of this Act, on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or

forfeiture; but no person having so testified shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he may have testified or produced any documentary evidence: *Provided*, That no person so testifying shall be exempted from prosecution or punishment for perjury: *Provided further*, That the immunity hereby conferred shall extend only to a natural person who, in obedience to a subpoena, gives testimony under oath or produces evidence, documentary or otherwise, under oath.

Proviso.
Perjury.

Immunity extended
to natural person only.

SEC. 3. CONSTITUTIONALITY.—Should any section or provision of this Act be decided by the courts to be unconstitutional or invalid, the validity of the Act as a whole or of any part thereof other than the part decided to be unconstitutional shall not be affected.

Constitutionality.

SEC. 4. REPEALS.—All laws or parts of laws, insofar as they relate to life insurance companies and the conduct of life insurance business, and in conflict with any of the provisions of this Act, are hereby repealed.

Repeals.

SEC. 5. EFFECTIVE DATE OF ACT.—This Act shall become effective immediately upon passage and approval.

Effective date.

Approved, June 19, 1934.

[CHAPTER 673.]

AN ACT

To amend section 766 of the Revised Statutes, as amended.

June 19, 1934.

[H. R. 9547.]

[Public, No. 437.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 766 of the Revised Statutes, as amended, be, and it is hereby, further amended so as to read as follows:

United States courts.
R.S., sec. 766, p. 144.
U.S.C., p. 914.

“Pending the proceedings or appeal in the cases mentioned in the three preceding sections, and until final judgment therein, and after final judgment of discharge, any proceeding against the person so imprisoned and confined or restrained of his liberty, in any State court, or by or under the authority of any State, for any matter so heard and determined, or in process of being heard and determined, under such writ of habeas corpus, may be stayed by a judge of any court of the United States in which are pending any such proceedings or appeal. After the granting of such a stay any such proceeding in any State court, or by or under the authority of any State, subsequent thereto pending the final adjudication of such habeas corpus proceedings in the court of the United States shall be deemed null and void. If no such stay is granted, any such proceeding in any State court, or by or under the authority of any State, shall be as valid and of as full force and effect as if no proceedings or appeal in the cases mentioned in the three preceding sections were pending in any court of the United States. No such appeal shall be had or allowed unless taken within three months after the date of the judgment or order complained of. Any proceeding, except final judgment or execution thereof, heretofore taken in any State court, or by or under the authority of any State, for any matter heard and determined, or in process of being heard and determined, in any proceeding or appeal in the cases mentioned in the three preceding sections now pending in any court of the United States, shall be as valid and of as full force and effect as if no such proceedings or appeal had been pending in any court of the United States at the time such proceeding was taken.”

Habeas corpus.
Stay of proceedings
during pendency of ac-
tion in State court.

Appeals.

Approved, June 19, 1934.